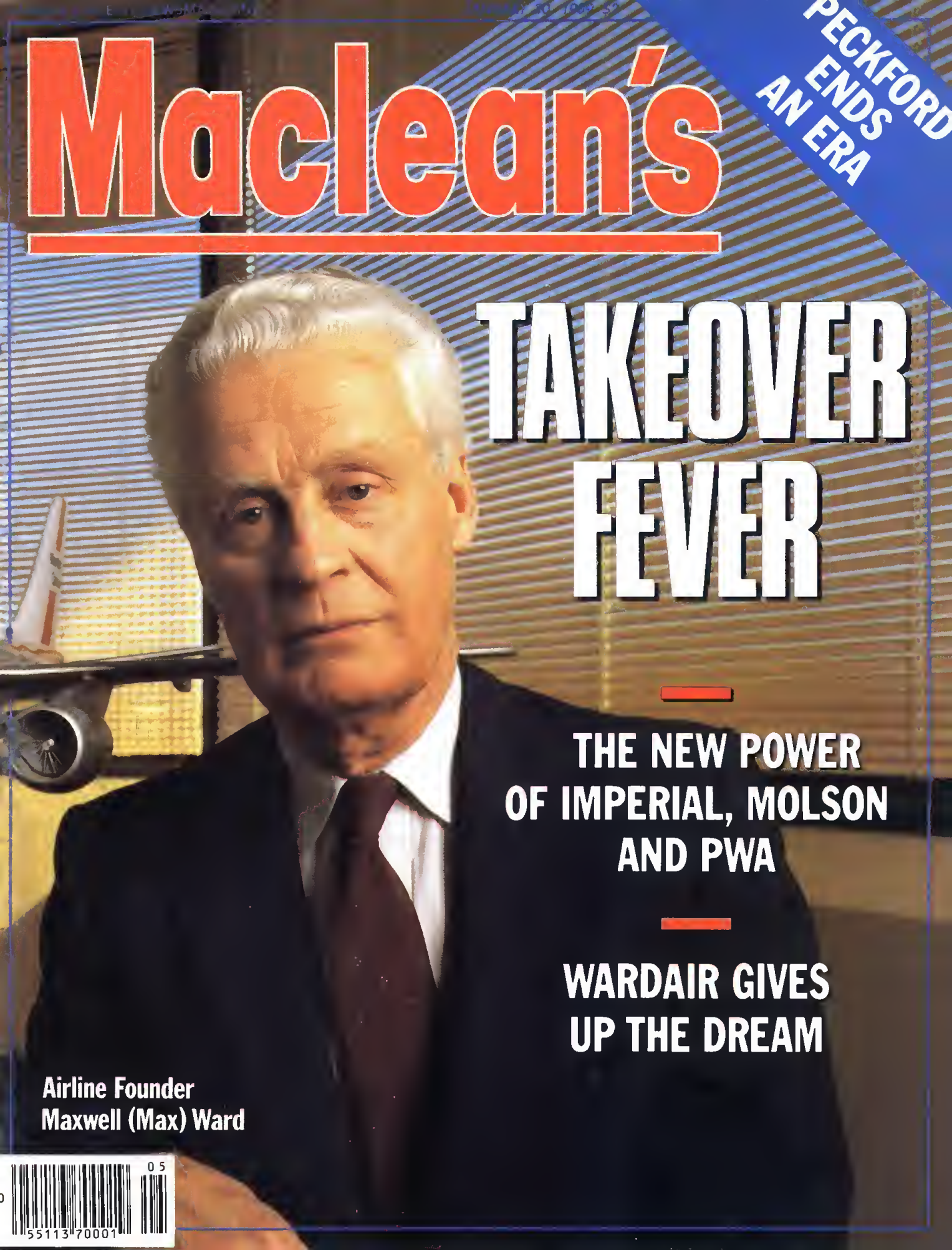
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PECKFORD ENDS AN ERA

TAKEOVER FEVER

THE NEW POWER OF IMPERIAL, MOLSON AND PWA

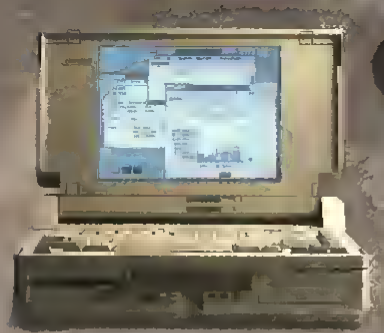
WARDAIR GIVES UP THE DREAM



Airline Founder Maxwell (Max) Ward

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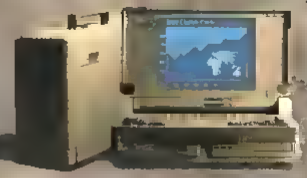
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CANADA'S WEEKLY NEWSMAGAZINE JANUARY 30 1989 VOL 102 NO 5

CONTENTS

4 **EDITORIAL**

7 **LETTERS/PASSAGES**

8 **OPENING NOTES**
Barbara Bush buys Canadian; George Cohon maintains his march on Moscow; farewell tours at The Globe and Mail; rating the Royal Family; Paul McCartney's Soviet exclusive; leaks in the U.S. nuclear umbrella; Murray Pezim pays a price for his freedom; bad news for Salman Rushdie.

11 **COLUMN/FRED BRUNING**

12 **CANADA**
Newfoundland's Peckford calls it quits; Ontario's David Peterson faces tough new challenges; diplomacy's minor league—the honorary consuls.

20 **WORLD**
Race riots rock Miami as the city prepares to host the Super Bowl; South African President P. W. Botha suffers a stroke, posing problems for his government.

30 **COVER**

40 **BUSINESS**
The Bank of Montreal's "King Bill" introduces his successor.

41 **BUSINESS WATCH/PETER C. NEWMAN**

42 **PEOPLE**

43 **JUSTICE**
A teenage killer's imminent release sharpens criticism of the Young Offenders Act.

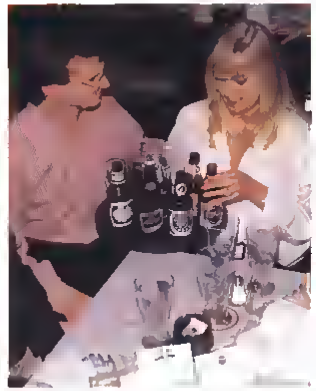
49 **TECHNOLOGY**
Physicists plan a mammoth installation to search for minute clues to the origins of the universe.

50 **FILMS**
A provocative Spanish director finds farce among a group of distraught women.

51 **DANCE**

52 **FOTHERINGHAM**

COVER PHOTO BY MARY ANN DONOHUE



COVER

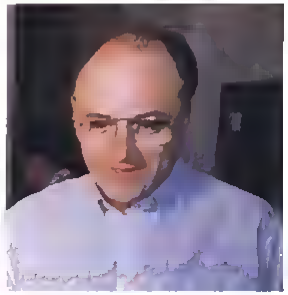
TAKEOVER FEVER

Billions of dollars were spent by three major Canadian corporations as they put themselves on a stronger footing to battle their competitors in a market increasingly dominated by huge multinational firms with a global reach. But consumers and workers alike could be Canada's big losers if prices increase and layoffs strike the brewing, transportation and energy sectors — 30

CANADA

PECKFORD'S LEGACIES

Newfoundland's Premier Brian Peckford announced a decision to resign in March after a decade in office. He counts his efforts to increase provincial control over local resources as his most important political legacy. But many pressing issues, including poverty, will face his successor. — 12





WORLD

A CELEBRATION OF POWER

On a blustery day in Washington, George Bush was officially sworn in as the 41st president of the United States. Amid the pageantry—and demonstrations by the poor—Bush, in his inaugural address, reached out to Congress and to minorities in what he termed "the age of the offered hand." — 20

Canadian second class mail registration number 1260



All In The Family

The trend toward growing concentration of ownership in Canada—highlighted by $6.7 billion in acquisitions last week involving Wardair Inc , Texaco Canada Ltd and Carling O'Keefe Breweries of Canada Ltd —presents the federal government with a dilemma On the one hand, rationalization and reorganization, going with the new free trade winds, provide Canadian industrialists with the opportunity they have been seeking to compete in the world That is a trend that the Conservative government supports and encourages But many of the 12,800 employees working for three of the firms involved say that they are worried about losing their jobs—and there are predictions about eventual price increases in airline fares and at the gas pumps Many Canadians already perceive Prime Minister Brian Mulroney's Conservatives as the party of the business establishment Any popular sense that the government has not protected ordinary consumers could endanger Mulroney's new majority

Whatever the outcome of the political debate, there was no argument about one aspect of last week's deals the sale of Wardair by founder Maxwell (Max) Ward ends a historic chapter in Canadian aviation Anyone who ever had the pleasure of being pampered on his wide-bodied jets can only hope that the spirit of Max Ward will live on with the new owners. Ward himself was pragmatic about the end of his dream As *Maclean's* Associate Editor Patricia Chisholm, who interviewed Ward in his Toronto office, reported, "While he was obviously saddened by the loss of his airline, he was clearly convinced that he had made the right decision and had given the biggest gamble of his life his best shot." Added Chisholm. "But most of all, he was happy that his shareholders had benefited by the deal " That is a feeling that the federal government must hope extends to the most critical body of shareholders in the land—the voters



MARK ANN DONOHUE

Chisholm (left) and Ward. he had given the biggest gamble of his life his best shot

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CANADA S WEEKLY NEWSMAGAZINE

Editor Kevin Doyle

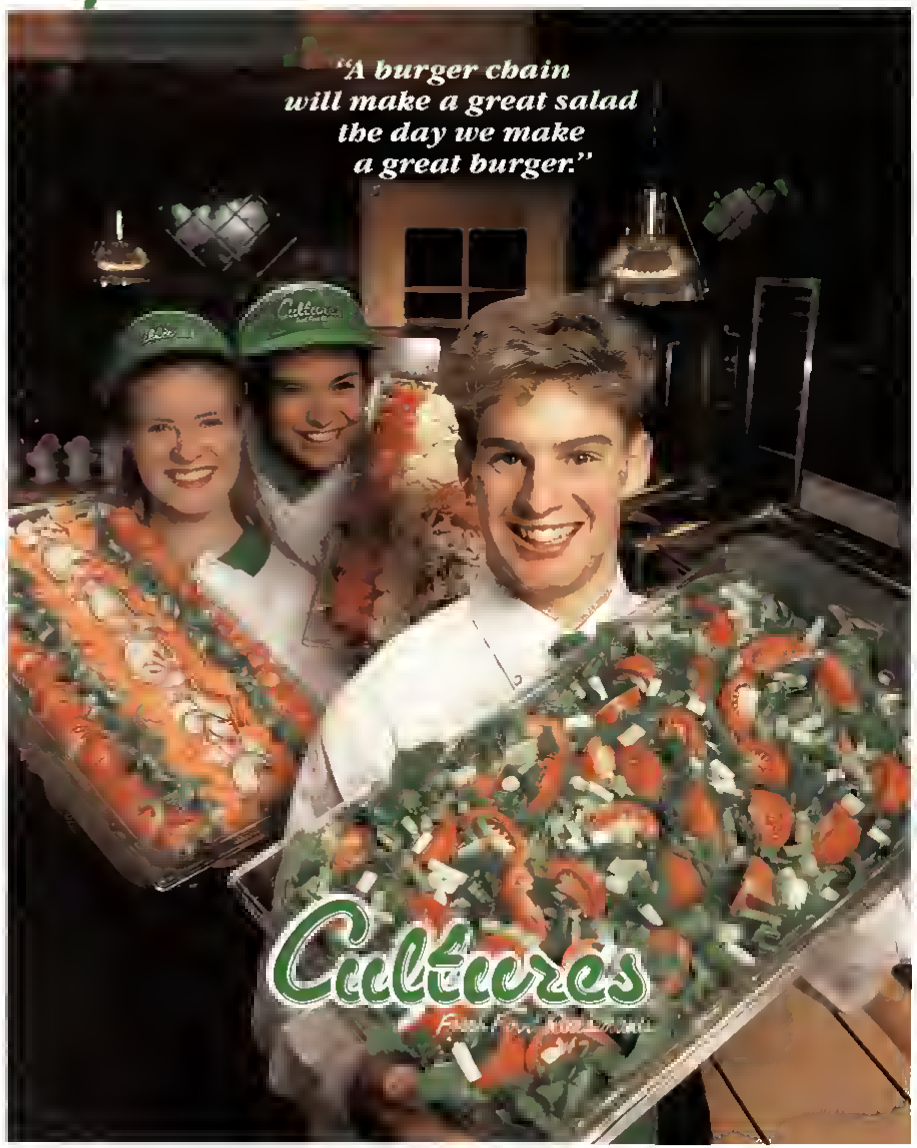
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LETTERS

DOING AWAY WITH THE HYPHEN

Stewart MacLeod makes a point that was badly in need of being made ("Subsidizing the hyphenated Canadian," Guest Column, Jan. 9). Let us do away with the "hyphen." Let us be Canadians, plain and simple. Let us inform our children about their parents' origins, language and culture, but let us do it in our homes, not through heritage programs in school. And let us instil in them pride and allegiance to their country. We have all come to Canada to be Canadians.

F. R. Stubens,
Mississauga, Ont.

Bravo to your guest columnist Stewart MacLeod. The fact that the Mulroney government is spending millions of taxpayers' dollars on the multiculturalism ministry is ridiculous. A ministry dedicated to "new" Canadians *not* assimilating with the rest of us is asinine. As MacLeod pointed out, for the last 100 years Canadians have managed to maintain their various cultures without government handouts and still become, first and foremost, Canadians.

Del Horn,
Delta, B.C.

'PRETENTIOUS PRATTLE'

After seeing what the editors and critics of *Maclean's* believe to be the best fiction published in 1988 ("The pick of 1988," Entertainment, Jan. 2), all I can say is thank God for free trade. With luck, all the doomsayers will be right about our cultural disintegration, and the self-indulgent, pretentious prattle that is presently passed off as Canadian "literature" will disappear forever. I know "entertainment" is a dirty word among the enlightened, but please—for the cultural dropouts among us who still expect a book to tell a story—next year, review a few of the many books available that are well written and literate without being mired in the would-be intellectualism that passes as culture.

Susan Horton
Nanaimo, B.C.

LOVABLE MAGGIE

The dogged appearance of yet another Amielesque column in your Jan. 16 issue ("They've come a long way, Maggie") compels any reader of *Maclean's* once again to ask why Barbara Amiel is still in your employ. To count the "feminization of Great Britain" as one of Thatcher's achievements must set any mind a-reeling. The fact of the matter is that no contemporary woman of power has turned her back on her own gender so completely and embraced more wholeheartedly male social-Darwinist values as Amiel's lovable Maggie.

Giuseppe Liscio,
Unionville, Ont.



BRIAN W. BEE/ACCENTS

New Canadians: pride and allegiance

MARKETING SQUABBLES

I was disappointed to read the column by Diane Francis in the Jan. 9 issue ("Chicken wars in the Great White North"). It reflects a superficial overview of agricultural marketing boards—institutions that have served both consumers and producers well. Marketing boards, embodying producers of a reliable supply of high-quality food at prices based on the cost of production, deserve more balanced press.

Karen Crawford
Rosetown, Sask.

After discussing Diane Francis's "objective" view of farm marketing boards with the 5,000 chickens in our barn, the equally objective hens astutely noted that the Trotters probably would not be interested in marketing chickens were it not for the fact that marketing boards maintain the price farmers receive for their product at a fair level for the money and labor invested. "Furthermore," the hens queried, "Did the Trotters acquire their desire to exercise 'their right to fail or succeed' before or after taxpayers spent $120,000 studying the feasibility of their venture?"

John Stevens,
Drayton, Ont.

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail correspondence to: Letters to the Editor, Maclean's magazine, Maclean Hunter Bldg., 777 Bay St., Toronto, Ont. M5W 1A7.

PASSAGES

RECOVERING: Former Canadian downhill skiing champion **Brian Stemmle**, 22, in an Innsbruck, Austria, hospital after a spectacular spill on the Hahnenkamm course at Kitzbühel, one of the world's most treacherous downhill runs, during a World Cup race on Jan. 14. The Aurora, Ont., resident, who was taken to hospital by helicopter, suffered a fractured pelvis and extensive internal injuries after landing on his back when his arm and ski pole became tangled in a safety net on a steep icy turn, which the racers take at about 100 km/h. Another Canadian downhill skier, **Todd Brooker**, crashed on the same hill in 1987 and suffered a career-ending knee injury.



DEPORTED: Deposed Ugandan dictator **Idi Amin**, 61, from Zaïre to Saudi Arabia, where he has been living in exile since 1979, after attempting to enter the African country on a stolen passport.

DIED: British writer **Bruce Chatwin**, 48, whose acclaimed novel *Utz* was released in North America earlier this month, of a rare bone-marrow disease in Nice, France.

DIED: **Lloyd Bentsen Sr.**, 95, the millionaire rancher whose son, Texas Senator **Lloyd Bentsen Jr.**, was the 1988 Democratic vice-presidential nominee, in a car accident after driving through a stop sign on his way to his office in Edinburg, Tex.

DIED: Toronto-born actress **Beatrice Lillie**, 94, whom writer **Noel Coward** once called "the funniest woman in the world," at her home in Henley-on-Thames. In her 1973 autobiography, *Every Other Inch a Lady*, she recounted a 58-year career that took her to leading stages around the world, including Broadway and London.

RESIGNED: Soviet hockey stars **Vyacheslev Fetisov**, 31, and **Igor Larionov**, 29, from the Central Red Army team, after complaining about the strict regimen imposed by coach **Viktor Tikhonov**, who also coaches them on the national team.

SENTENCED: **Donald Marshall**, 35, who spent 11 years in jail after being wrongly convicted of murder, to two years' probation and 50 hours of community service for breaking and entering, in Shubenacadie, N.S., provincial court.

OPENING NOTES

George Cohon marches on Moscow, Barbara Bush buys Canadian, and Murray Pezim pays a price for freedom

HOW TO DRESS FOR SUCCESS

Barbara Bush wore a blue satin gown when she toured the 11 simultaneous inaugural balls in Washington last week. That glittering appearance as her husband's presidency began was also a triumph for the Canadian-born fashion designer who created the dress, Arnold Scaasi. Canadian content has been highly visible in Washington recently: the new First Lady has attended functions in Scaasi creations that range from a black velvet dress to a tailored suit in a shade that the native Montrealer referred to as Bush blue. And for the top social event of inauguration Week, Bush chose a Scaasi gown over dresses made by such widely known U.S. designers as Bill Blass and Adele Simpson. Declared Scaasi—who reversed the letters in his family name, Isaacs, when he settled in New York City during the 1950s: "Barbara Bush is elegant and has her own image. She won't try to look younger than she is or wear fashions that aren't suitable." Scaasi, who has provided Bush with custom-made gowns costing as much as $5,000 during the past two years, already has experience outfitting first ladies. He designed clothes for President Dwight Eisenhower's wife—and reveals that Mamie never wore a bra during the corsetted social climate of the 1950s. Added Scaasi: "Mamie had a great body and beautiful skin, a great bosom. I was surprised." But Scaasi is discreetly silent about his current clientele—preferring to clothe rather than to reveal.



PAM PRICE/PICTURE GROUP

The Bushes: silence and disclosures

Golden arches over Red Square

The supply problems are formidable, but George Cohon is not retreating from his march on Moscow—and a plan to serve Bolshoi (Big) Macs near Red Square. Cohon, the president of McDonald's Restaurants of Canada Ltd., signed a joint-venture agreement with Moscow city council to bring the chain's fast food to Gorky Street last April—capping negotiations that he initiated in 1976. Cohon said that he still hopes to open the first of 20 outlets planned for Moscow by year's end. But some Soviet officials themselves worry that it will be difficult to provide the 650-seat restaurant with regular supplies of high-quality beef and potatoes. Indeed, a spokesman for New Jersey-based Astro Pizza Ltd. said that irregular delivery and the high cost of basic foodstuffs had prompted his firm to suspend operations of a popular joint venture in Moscow—a mobile pizza stand—last September. But McDonald's is pressing ahead with its plans. And to that end, five Soviet restaurant managers will visit Canada next spring for training in such skills as patty-flipping. Hamburger diplomacy to take out



BRIAN VERSES/MACLEAN'S

Cohon: determination and quality control

GLOBAL GOODBYES

Norman Webster left his post as editor-in-chief of the Toronto Globe and Mail against his will on Jan. 6, embarking on a tour of the newspaper's foreign bureaus. But the trip that has Globe reporters buzzing is a parallel tour organized by four newsroom staffers. The staffers are using overnight courier pouches to send a plastic case containing a cockroach—nicknamed Jock, and captured on a reporter's desk—to the Globe's domestic bureaus. Jock has been to Ottawa, with Montreal next on the list—and a tour picture album is in the works.



REUTER/FEATURES—PONO PRESSE

PAMELA DOW/CANADA PRESS—CANAPRESS

Andrew, Anne: restored reputations and a notable absence

RATING THE ROYAL HOUSEHOLDERS

There were no members of the Royal Family present when the Scottish village of Lockerbie held a Jan. 4 memorial service for the 270 victims of a fiery plane crash late last year—prompting critics to suggest that at least one royal representative should have interrupted the traditional Christmas holidays. Still, the reputations of some family members were restored last week in London when *The Times* compiled a list of royal appearances in 1988. Tart-tongued Princess Anne topped the list: she attended 665 events in a schedule that included a three-day visit to Toronto last November. By contrast, the widely popular Princess of Wales had only 248 official engagements in 1988, but Diana still outpaced the Duchess of York, who attended 153 functions. Andrew, Duke of York—Fabulous Fergie's husband—is the sluggard of the group, turning out for only 111 events last year. Andrew clearly is not one to stand on ceremony.

From Russia—with a markup

For many Soviet citizens, scarce Western goods are coveted status symbols. But in a startling reversal, some Western music lovers are now paying large sums for an exclusive Soviet item: a Paul McCartney album entitled* Back in the U.S.S.R. *McCartney said that he restricted the release of his latest album as a peace gesture to the Soviet people. The collection of pop, rock and jazz classics sells for $8 in Moscow, but fans of the former Beatle in New York City and London have paid as much as $1,000 for smuggled copies of the album. Giving peace a chance can have a high price.



CHAD CRUMP/MACLEAN'S FROM PICE

Pezim, Hanson: a $3-million marriage contract

The high cost of leaving

For flamboyant Vancouver millionaire Murray Pezim, marriage is an institution that induces claustrophobia when he crosses its threshold. Earlier this month, the 68-year-old mining-stock promoter initiated divorce proceedings against his third wife, Susan Hanson—a 33-year-old fellow stockbroker who married Pezim in a lavish $100,000 ceremony last July. Reflected Pezim last week: "I shouldn't have got married. I'm a downtown kind of guy and I've got to have my freedom." Pezim will have to pay a high price to leave a union that he said had caged him: a prenuptial contract guaranteed Hanson a $3-million payment if the marriage failed. But the high-rolling Pezim said that he did not regret having to pay that amount to renew his bachelor status. He noted that he had lost $15 million overnight when he went bankrupt in 1972, and that the 1986 marriage settlement to his second wife had cost him $2 million. Pezim maintains that he will retain ownership of a $5 million house under construction in Vancouver's exclusive Point Grey area. The plans for that 20-room mansion include what Pezim called a "fighting bedroom"—an alternative to the master bedroom that either partner could use after a heated argument. Pezim chose another form of retreat.

PATCHES FOR A U.S. UMBRELLA

Yritium, a radioactive gas used to make nuclear bombs, is in short supply in the United States. Safety concerns have closed the three U.S. uranium-processing plants that produce tritium, which glows in the dark and has such nonmilitary uses as marking airport runways. Still, in recent months, the Darlington nuclear station, 50 km northeast of Toronto, has begun to produce tritium—which sells for $35,000 per gram. But officials in Washington said that President George Bush will not ask Prime Minister Brian Mulroney to patch the U.S. nuclear umbrella—because a request would spark a political uproar in Canada. Antinuclear activists hold similar views: Ottawa allows tritium exports only for peaceful purposes. Watch for fallout.

A BAD DAY FOR BOOKSELLERS

The publication last fall of Salman Rushdie's surrealistic novel *The Satanic Verses* sparked protests in countries ranging from Saudi Arabia to Britain—where the Indian-born Rushdie now lives. Many Moslems complained that the critically acclaimed work had blasphemed their religion with its thinly disguised caricature of the prophet Mohammed. Last week—catching publisher Penguin Books Canada Ltd. unawares—W. H. Smith Canada began returning *The Satanic Verses* from its 200 bookstores. Earlier this month, the firm's parent company removed the book from its 430 outlets in Britain. Bookstore officials maintained that recent slow sales—and not such protests as the burning of two copies in different Toronto bookstores last fall—had caused the withdrawals. Predictably, Rushdie described the removals as "a sad day for literature."

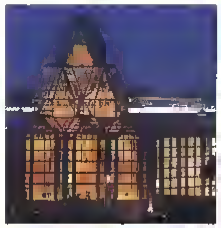


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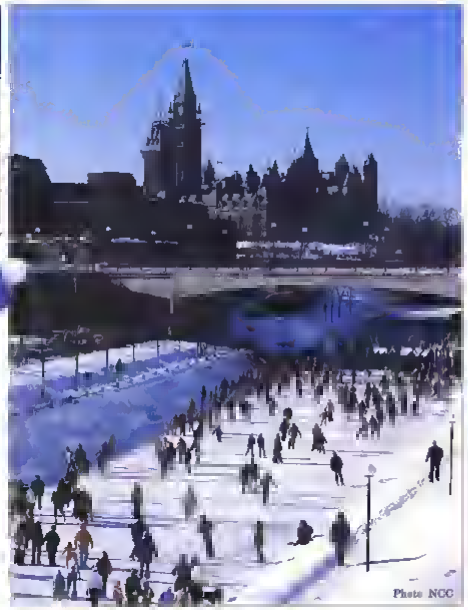
Rushdie: praise, but slow sales

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The art of playing the Trump card

BY FRED BRUNING

To a young person studying business administration, the success of Donald Trump is more than inspiration. It is hallucinogen, aphrodisiac—plastique moulded to an inner corner of the soul and set to detonate before the age of majority has been achieved. "He's great," said one such aspiring billionaire recently, clutching a copy of Trump's ghostwritten volume, *Trump: The Art of the Deal*. "Just great."

And yes, Trump is great. He is great in the way of Las Vegas and Ringling Brothers and the Super Bowl and Miss America and Miami Beach and the Academy Awards and the gleaming hyperdeltoids of Arnold Schwarzenegger. Proprietor of what seems like half of Manhattan, developer of Trump Tower and Trump Plaza and Trump Parc, owner of three Atlantic City casinos and a 282-foot yacht and French Puma helicopter and 118-room retreat in Palm Beach and 47-room outpost in Connecticut and, oh Lord, purchaser of the Eastern Air Shuttle—make that the *Trump* Shuttle—and of the venerable Plaza Hotel, Donald Trump is the very essence of late-century accomplishment: a dreamer of brash, outrageous *impossible* dreams, a smart operator who gets the job done whatever it takes, a fellow who is worth so much money, such spectacular, incalculable cords of currency, that he says he does not *know how much he is worth*. One billion, two, three—"Who knows?" says Trump. And, remember, he's only 42.

In some ways, though, and here we come to a difficult lesson for eager recruits in the Junior Moguls League, Donald Trump may be just ever so slightly lacking. Leaving aside his harsh treatment of the occasional tenant who refuses to quit an apartment so that the Great Dealmeister can demolish the property and use the site for other highly profitable purposes, and ignoring, if we might, 1973 charges of racial discrimination and a 1983 squabble with tenants who said that he wanted them to pay garage fees whether or not they owned automobiles, Trump demonstrates a certain failure to comprehend the extraordinary opportunities his wealth allows, and, similarly, the attendant responsibilities of privilege.

> *'I don't do it for the money. I've got enough, much more than I'll ever need. I do it to do it. Deals are my art form'*

Let's get it straight. Lots of people like Donald Trump. He's said to be earthy and accessible and *real* in a charming regular-guy, New Money sort of way. As Trump says in his book, he doesn't carry a briefcase but does leave his door open—regular guy, see—and he shows up for work every day, usually by 9. He makes as many as 100 phone calls, lunches at the office and disdains power meetings and other ancient rituals associated with the accumulation of staggering wealth. He seems unabashed, at ease and generous. As Trump is apt to mention, he gives plenty to charity, perhaps as much as $4 million a year.

The fellow's primary shortcoming, though, is that he has fallen hostage to his own expertise. He believes unfailingly in his own ideas, exclusively in his own notion of achievement, and it is a limp notion, at that, a notion out of sync with Trump's grandiose vision. "I like thinking big," Trump says in his book. "I always have. To me it's very simple: if you're going to be thinking anyway, you might as well think big. Most people think small because most people are afraid of success, afraid of making decisions, afraid of winning. And that gives people like me a great advantage."

In other words, there is nothing Trump likes better than to exploit weakness and take home the spoils. The art of the deal more accurately is the art of running over the next guy, the art of tweaking all those poor saps who, in Trump's opinion, are afraid of success. Such statements may make Trump seem haughty and imperious but, evidently, he doesn't mean to sound overbearing, at all. "More than anything else, I think deal-making is an ability you're born with," he says in the book. "It's in the genes. I don't say that egotistically." He's not brilliant, Trump says, just biologically fitted with brilliant *instincts*.

But try as Trump might to find an acceptable way of phrasing his message, the intent remains clear and it is no prettier for the polishing. "I don't do it for the money," Trump protests. "I've got enough, much more than I'll ever need. I do it to do it." All the worse! Trump's considerable energy is dedicated not so much to the harvesting of capital but to the mere choreography associated with the task, and, in the process, he has reduced the entire philosophical construct known as "labor" to the status of a leisure-time activity—*a hobby!* He vanquishes all those pathetic small thinkers and continues to burrow away billions not because he is determined to bump up his massive bank account, but because it gives him something to do, because, as he says, *it's fun!* "And," says Trump, "if it can't be fun, what's the point?"

Well, here's an idea. Now that Trump has so much money that, really, he doesn't know how much he has, how about giving those impressionable business majors something to really think about? How about saying, well, low-cost housing is about as vexing a problem as any facing America and I'm going to help, pronto. How about investing, big time, in the sort of housing developments that yield modest profits compared with the condos in Trump Tower, but improve lives immensely? How about devoting that dazzling Trump industriousness, that legendary Trump savvy, those precious Trump entrepreneurial genes to something a little more substantive than acquisition of a 10-seat helicopter or a hacienda in Palm Beach ample enough for the entire Social Register of South Florida?

A fellow named Millard Fuller might provide Trump inspiration. Fuller was a tycoon himself until the mid-1970s when he reassessed his priorities and embarked upon a project that was to become known as Habitat for Humanity. Based in Americus, Ga., Fuller's operation builds homes around the nation and abroad for individuals who could not afford decent housing otherwise. It is a relatively small-scale operation—4,000 homes since 1976—but growing. "Man," Fuller told a reporter, "we're just whittling away." With more than seven million Americans living in substandard housing, there is plenty of whittling to do. If Donald Trump really means to think big, maybe his next call should be to Millard Fuller.

Fred Bruning is a writer with Newsday in New York.

PECKFORD'S LEGACIES

NEWFOUNDLAND FACES A CHANGE OF LEADERSHIP WITH GREATER CONTROL OVER ITS RESOURCES

The arguments have already begun about how history will judge Newfoundland Premier Brian Peckford. Shortly after noon last Saturday, as howling snow squalls swept across St. John's, Peckford announced that he will step down as leader of the province and its governing Conservative party at the end of March, a decade after he gained those positions in the same month of 1979. Peckford's friends say that he leaves office convinced that he has altered Canada's course by changing the direction of Newfoundland. At the very least, he convinced many Newfoundlanders that they will never know pride and prosperity until they win control of their own resources. "Peckford's message was so credible and so authentic that Newfoundlanders recognized in it the roots of their history," said Mark Graesser, a political scientist at Memorial University in St. John's. "Joe Smallwood brought Newfoundland into Confederation. Peckford tried to give Newfoundland back its autonomy, within Confederation."

Now the contest begins to replace the leadership—and perhaps to chart a new direction—for Canada's youngest province in its 40th anniversary year of joining Confederation. Although Peckford battled Ottawa for more control over offshore oil and fisheries, along with hydroelectric power and industrial development, the province remains Canada's poorest. That remains the overriding challenge for the next Newfoundland government. The outcome of a provincial election expected soon after a Tory leadership convention in March also comes as the provinces are engaged in trying to resolve major national issues—constitutional amendments, the operation of free trade with the United States and the revision of tax-sharing powers with Ottawa. Said Peckford in his resignation announcement: "We must redouble our efforts to ensure a powerful position within the Canadian family."

Peckford announced his departure at a news conference, after informing his party that, "as you know, I have always held the view that a decade is a sufficient period of time to be the leader of a political party." Waving a cigar as he read from a prepared text to about 40 reporters and 200 Tory onlookers, the premier declared, "I have tried in my few years in public life to secure a more solid arrangement within the Confederation of Canada." He said that history will decide whether he succeeded, but added, "I believe a foundation has been laid that can never be uprooted."

Peckford, 46, whose mother, Allison, sat on a red velvet chair near him at his news conference, said that family considerations also played a role in his decision to quit. He was divorced and married his second wife, Carol, while in office and has three children by his first marriage. The former high-school English teacher said that he was not leaving the premiership for another job but hoped to see some offers in the months ahead.

Several members of Peckford's cabinet, including Finance Minister Neil Windsor, Fisheries Minister Thomas Rideout and Leonard Simms, president of the Treasury Board, were expected to seek the Tory leadership, as was former federal MP John Lundrigan. The Conservatives hold 34 of the 52 house of assembly seats, compared with 14 for the Liberals and two for the New Democrats, with two seats vacant. Although the five-year mandate of the present assembly runs to April 1990, several Newfoundland Tories speculated that their new leader would likely go to the polls this spring, perhaps after recalling the assembly briefly. Liberal Leader Clyde Wells said his guess is that there will be an April election.

The next premier will inherit a mixed basket of unfinished business—and controversies. Two energy megaprojects that Peckford pursued doggedly are on the verge of approval: the $5-billion development of the offshore Hibernia oilfields, and a deal with neighboring Quebec to further develop the vast hydroelectric power potential of the lower Churchill River in Labrador. Peckford also leaves the embarrassment of the Sprung greenhouse, a hydroponic cucumber project in suburban St. John's that has turned sour after a provincial investment of $16 million. There is also the simmering dispute over fishing rights in waters between Newfoundland and the French islands of St-Pierre-Miquelon.

Provincial Conservatives predict agreement with Quebec within months to build two new hydro projects in Labrador. Finance Minister Windsor said Quebec officials have tentatively agreed that, as part of the deal, they would renegotiate a 20-year-old contract that obliges Newfoundland to sell Quebec electricity generated by the present Churchill Falls power plant at a fraction of its true market value. In a 1983 book titled *The Past in the Present*, Peckford wrote that between 1972 and 1982 Newfoundland earned $100 million from Churchill Falls, while Quebec got a windfall of $2 billion. Provincial officials also predict that the massive Hibernia project will go ahead, although final negotiations continue in Toronto and Ottawa among federal officials and representatives of the oil companies involved, led by Mobil Oil Canada Ltd. Newfoundland's active involvement in the negotiations ended in July, when the province signed agreements with the oil companies and the federal government. For Peckford, who had repeatedly said that Hibernia was Newfoundland's "last chance" to gain prosperity, the project was the crowning political achievement. Cabot Martin, a St. John's lawyer and adviser in the Hibernia talks, said last week that Peckford, having achieved his dream, began to think of retirement.

Peckford's offshore oil quest began more than a decade ago, when he was minister of energy under Premier Frank Moores. At a time when Ottawa claimed primary jurisdiction over offshore resources while the provinces otherwise owned most mineral rights, Peckford insisted that Newfoundland had to take control of its off-coast resources to achieve prosperity and equality with other provinces. His critics said that Peckford became obsessed by the pursuit of that goal.

Political scientist Graesser said that Peckford has a stubborn streak that sometimes worked to his disadvantage. In 1982, he turned down an offer from the Liberal federal government to develop Hibernia that was very similar to the one he eventually signed. At the same time, Peckford ignored mounting criticism of his personal style, including a $450,000 redecoration of his office and a near doubling of his personal staff. "Somewhere on the road to Sprung, Peckford changed," Graesser said. "He is not the man who dominated Newfoundland politics in the early 1980s."

Still, Graesser said, surveys show that Peckford remains by a wide margin the most respected political leader in the province. And Peckford said that a poll of 500 Newfoundlanders taken in December shows the Tories still in first place with 38-percent popular support, compared with 33 per cent for the Liberals and 11 per cent for the NDP under Peter Fenwick. "In the end," said Martin, "it will be up to each Newfoundlander to decide whether it was 10 years well spent."

MARC CLARK *in St. John's with* **GLEN ALLEN** *in Halifax*



National Notes

POSTAL MERGER
The 23,000-member Canadian Union of Postal Workers defeated the 21,000-member Letter Carriers' Union in a federally ordered vote to determine who would represent post office employees. By a 901-vote margin, Jean-Claude Parrot became head of the merged union, and Robert McGarry planned to return to letter carrying after 14 years as leader of the carriers' union.

TURNER'S SURGERY
Liberal Leader John Turner, 59, recuperated at his Toronto apartment, and then at his Ottawa residence, after leaving hospital following surgery to relieve chronic back pain that caused him to limp throughout much of last fall's federal election campaign.

NEW HIGHWAYS
A national highway system three times longer than the Trans-Canada Highway has been proposed by the Ottawa-based Roads and Transportation Association of Canada, an agency supported by the federal and provincial governments. The association said the network, which would include improvements to the Trans-Canada Highway, would cover 24,460 km.

TROUBLED WARDS
Edmonton's ambulance procedures are being reviewed following the death of stabbing victim Michael Anderson, 22, turned away from one hospital because its emergency room was closed and diverted while en route to another because it was too busy. He died in the third hospital.

AID FOR PAKISTAN
Canada will provide $5.5 million in food aid to Pakistan. External Relations Minister Monique Landry said that the money would buy up to 24,000 tons of Canadian wheat to relieve a grain shortage caused by drought and floods during the past two years.

SAKHAROV'S VISIT
Soviet human rights activist Andrei Sakharov, 67, will arrive in Ottawa on Feb. 12. He will receive an honorary degree from the University of Ottawa.

YUKON VOTE
The Yukon's 15,000 voters go to the polls on Feb. 20 to decide the fate of the nation's only New Democratic Party government. The election call came less than 24 hours after Government Leader Tony Penikett introduced a budget calling for greater spending on housing and social programs.

Combat in Ontario

The pressures on Peterson's Liberals

When David Peterson was a student at the University of Toronto in the 1960s and working out in the gym to keep his weight down, the boxing coach suggested that he spar a few rounds with an opponent. "As my son would say, tha guy punched my lights out," the 45-year-old premier of Ontario recalled during an interview last week in his Toronto legislature office. But the beating gave him something to prove. The next day, he whipped another opponent and he continued to box until he left law school in 1967. Fighting formidable odds became his style.

Fifteen years later, he became leader of the Liberals in a legislature that had been dominated by the Progressive Conservatives since 1943. For the first three years of his leadership, Peterson was dismissed by political writers as ineffectual. But in a 1985 election, he defeated a Tory dynasty older than he was and formed a minority government with the support of the New Democratic Party. And in the next election, on Sept. 10, 1987, he scored a knockout, winning 95 of 130 seats. But now, 16 months after his victory, Peterson is being crowded by an array of difficulties that threaten to force him into a defensive corner.

The challenges crowding Peterson with growing intensity in recent weeks are both provincial and national—and within his own administration. Despite its surging prosperity, Canada's wealthiest and most populous province is embroiled in problems. Among them: the rising cost and deteriorating quality of both health care and education, a crisis over the soaring cost of housing in the cities and ugly allegations of police racism. On the national front, there are strained relations with the federal government of Prime Minister Brian Mulroney, disputes with Ottawa over the U.S.-Canada Free Trade Agreement (FTA) and pressure from some premiers to reopen the 1987 Meech Lake accord on constitutional reform.

Within the Peterson government, the premier is facing difficult choices over personnel. *Maclean's* has learned that Peterson plans to announce a major cabinet shuffle early in February. Among the expected changes: replacement of Chaviva Hosek as housing minister. As well, two of Peterson's most senior ministers plan to leave government—Attorney General Ian Scott by the end of the year and, before the next election, provincial Treasurer Robert Nixon, a veteran of more than 26 years in the legislature. Late last year, Hershell Ezrin, who had served as Peterson's top adviser on policy and strategy since 1982, left the premier's office to work in the private sector (he is now The Molson Cos. Ltd. senior vice-president for public affairs). In recent days, Hosek, Scott and other ministers have come under attack not only inside the legislature but from outside groups and individuals.

For Peterson personally, those difficulties are compounded by resentment on the part of federal Liberals that he did not do enough to help the party during last fall's federal election—despite his opposition to the FTA. At the same time, provincial critics charge that preoccupation with free trade may have diverted Peterson from working out a clear agenda for dealing with Ontario's pressing problems.

Of all the issues confronting the Peterson government, the most widely publicized have been police conduct and health care. On Jan. 15, some 2,000 Metropolitan Toronto police officers held a rally to protest a manslaughter charge laid three days earlier against Const. David Devney in the shooting death of a black man last August. The police called for the resignation of Attorney General Scott because, they claimed, Scott bowed to political pressure from such groups as the Black Action Defence Committee. Scott denied any interference in the case. Still, the incident worsened the already-strained relations among police, minority groups and the government. It followed a suburban Toronto case in which a black youth, Wade Lawson, 17, was shot to death on Dec. 8 and Peel Regional policeman Anthony Melaragni was charged with manslaughter.

Last week, the Ontario Medical Association (OMA), which represents 17,000 physicians, launched a provincewide poster campaign blaming hospital-bed shortages and waiting lists for surgery on inadequate funding of health care. The poster campaign is part of a bitter public relations battle between the OMA and the Peterson government. Earlier in January, Health Minister Elinor Caplan—who has faced a daily barrage of criticism in the legislature over strains in Ontario's hospital system—awarded doctors a marginal 1.75-percent increase in fees under the Ontario Health Insurance Plan and ordered all hospitals to balance their budgets.

As well, critics blame Housing Minister Hosek for a dearth of affordable housing in Toronto and other Ontario cities. The vacancy rate for Toronto apartments is negligible and the average cost of a new home in the city increased by about 30 per cent to $347,661 last year. Tenants' groups and opposition politicians have charged that Hosek has done little to alleviate the crisis. Hosek countered that the Peterson government since 1985 has doubled provincial spending on housing for lower-income people, adding that affordable homes, from $150,000 to $200,000 apiece, are available in Metro Toronto's outlying regions. That claim provoked opposition ridicule. Interim Conservative party leader Andrew Brandt said that younger Ontario residents "have given up the hope of ever owning a home."

In addition to those disputes, the government is embroiled in controversy over legislation to permit municipalities to decide by local-option votes whether retail stores can open on Sundays. Critics predict that the bill will lead to wide-open sabbath shopping across the province and disrupt the traditional day of rest. Unions representing workers in the retail and service industries argue that the legislation fails to protect employees from being forced to work on Sundays against their will. And last week, Emmett Cardinal Carter urged Catholics to lobby against Sunday shopping—an issue debated for more than a year and now in the final stages of approval by the Liberal majority. For their part, some large department stores opposed to Sunday shopping—citing social and economic reasons—have taken out full-page advertisements in newspapers, seeking public support. Peterson refused to retreat.



Rae, Peterson (right): a housing crisis and racial tensions grip Canada's wealthiest province

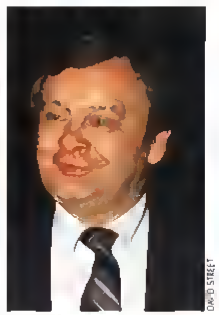
The government's sometimes-defensive responses to the mounting problems in Ontario provoked questions among critics inside and outside the legislature about the Peterson team's style. Said Graham White, a political science professor at the University of Toronto who specializes in Ontario politics: "It is hard not to share the sense that the momentum has run out. They are trying to keep away from as much controversy as they can, and that's getting them into trouble." NDP Leader Bob Rae, whose party is the official opposition in the legislature, claimed: "There is an overwhelming sense of a government on blocks. They do not have an agenda—reform or otherwise—so it is a very different mood around here from when they were first elected."

For his part, Peterson dismisses suggestions that his government is faltering. During an interview with *Maclean's*, Peterson said that the problems now facing Ontario are more difficult to resolve because they will alter the fiscal framework of the province in the future (page 16). "Every day you are advancing the agenda," he said, as he sipped tea and smoked a cigarette. "You have to keep all your political energy on important things because there will always be little conflicts and disasters creeping up that consume the political energy of an organization. We are keeping our eyes always on the long-term agenda."

But some of Peterson's political opponents charge that the province's current problems stem from precisely the opposite: that there is no agenda. John Switzer, president of the Urban Development Institute, a trade association representing more than 200 Ontario real estate developers, said, "I find it astounding that, in two years, the Liberals have not done much to reduce the provincial deficit during the best economic times this province has ever seen." Added Switzer, a Liberal party supporter: "This government is so politically oriented that they're putting their fingers in the dike and not looking at long-term resolutions."



Hosek: under fire



Brandt: no hope for homes

Still more troubling for Peterson may be the bitter aftermath of the free trade debate. During the 1987 provincial election campaign, Peterson stumped the province on an anti-free-trade platform, claiming that trade was the biggest issue. For the next year, some Queen's Park observers claim, his office was obsessed by the free trade battle with Ottawa to the point where problems accumulated. Now, with free trade a reality, Peterson has lost a major battle and he is criticized for his handling of it. Said a federal Liberal MP, who asked to remain anonymous: "He certainly did not fight as hard for the party as he did for his brother Jim"—successful Liberal candidate in the Toronto riding of Willowdale, in the Nov. 21 federal election. And political scientist White observed: "There was a pretty clear promise by the Liberals during the 1987 provincial election that they were going to stand up for Ontario's rights against a free trade deal. But the [Ontario] Liberals did not fight it tooth and nail during the federal election campaign."

Others defend Peterson's record both as premier and for his performance during the federal campaign. David MacNaughton, a longtime Liberal strategist who was chairman of Peterson's 1987 campaign, said that the premier deliberately kept a low profile during the federal campaign because he did not want to make it look as though the anti-FTA effort was being driven solely by Ontario. "Ontario is always in a position that others see to be privileged," MacNaughton said. Still, he conceded that the relationship between Ottawa and Queen's Park has soured because of the anti-Ontario rhetoric during the campaign, particularly in Quebec. Said MacNaughton: "I think that there is a feeling within the Ontario Liberal party that the federal Conservatives have done nothing to stem the anti-Ontario rhetoric and, at best, have fostered it."

For his part, Peterson denies having designs on a leading role in federal politics. But political observers claim to see signs that he is laying the groundwork for a campaign for the leadership of the federal Liberal party when John Turner decides to step down. Peterson spent much of his first two years in power forging alliances with the western premiers. He also boasts of cordial relations with Quebec Premier Robert Bourassa, particularly because of his support for the Meech Lake accord. But Peterson's personal relationship with Mulroney is cool, often acrimonious. The two men have known each other since 1969, when they met in Montreal.

Amid the unresolved problems besetting the seat of power at Queen's Park, there are some signs that the Peterson government's popularity has declined. A public opinion poll released last week by Environics Research Group Ltd., which was conducted after the Nov. 21 federal election, showed that the provincial Liberals have the support of 43 per cent of Ontario voters, down from the 48 per cent that the party enjoyed when it won the election in 1987 and that it maintained in a poll last August. The provincial Conservatives received 34 per cent, up from 25 per cent in August, and the NDP was third with 21 per cent. Although Peterson does not have to call an election before 1992, the onetime boxer is under growing pressure to adopt a more aggressive governing style.

THERESA TEDESCO *with PAUL KAIHLA in Toronto*

Words of conciliation

Ontario's premier calls for national harmony

Appearing relaxed and confident—but slightly pale from a bout of flu—Ontario's Premier David Peterson sat in his second floor office in the Ontario legislature last week and talked of free trade, Quebec and his widely rumored rift with the federal Tories in a 30-minute interview with Maclean's *Ottawa Bureau Correspondent Theresa Tedesco*

Maclean's: *In 1987, when you won 95 of the legislature's 130 seats, you said that you had a mandate to protect Ontario's position in any free trade agreement with the United States. You opposed the deal, but free trade is now a reality. Given that, what happens to Ontario's economy?*

Peterson: I would never have signed that deal. But we have to deal with that, and there is no use threshing over old straw. The Free Trade Agreement was only a very, very small part of the real issue of competitiveness. Whether you use a bilateral trade agreement or not, these things assume importance in political discussions but they do not bear on the fundamental issue that unless you are competitive, it does not matter if you have a free trade agreement or not. We are making major investments in new markets in science and technology in Hong Kong, Japan, Europe and India. We see Ontario's place in a global context, not just a continental one.

Maclean's: *Your critics say that you waged a gentleman's war against free trade during the federal election campaign, that you did not live up to your pledge to defeat it.*

Peterson: Whatever I do, I will be criticized, so I don't worry about it. But the fact is that no premier in history contributed more than I did during a federal election campaign. I was not the centre of the thing. Had I been at the centre of the fight, who knows what the results would have been. It was a national fight, and there is no question that I had a very different opinion than the majority of my colleagues across the country. One of the things that concerned me about the debate is that it put pressure on the regions. I made the decision not to travel outside the province because I did not want David Peterson and Ontario to become the issue.

Maclean's: *But there was an unprecedented level of anti-Ontario rhetoric during the campaign, particularly from senior Quebec cabinet ministers.*

Peterson: I was offended by what Secretary of State Lucien Bouchard said [that Ontario's free trade stand reflected its passion for wealth and power] and I do not expect that kind of comment from a federal politician. He has to realize that he is now a federal politician, not a provincial one. If the federal government wants to play the ends against the middle that is up to it. But you have to go beyond the angry emotional rhetoric and try to find those things that we have in common. The free trade debate was a wholesome debate, and I was proud of our country for doing it. I am sorry that our side did not win, but we put the case as best we could, even though some made it a regional fight.



BRIAN W. FERGUSON FAN

Peterson: 'I get upset by cheap regional rhetoric'

Maclean's: *Does it bother you that the federal Conservatives did little to silence accusations directed at Ontario?*

Peterson: My responsibility is to deal government to government in a nonpartisan way. I was one of the architects of the Meech Lake accord, which I believe is very important for this country. Meech Lake was not a partisan consideration on my part any more than free trade was. Whatever influence Ontario has in Confederation it has to use it wisely and well. It does not mean that we capitulate just for the sake of capitulating. You take the Meech discussions: a lot of us put water in our wine on that one. But a lot of us thought it was so important to bring Quebec in and we still do.

Maclean's: *But what about the criticism directed at you?*

Peterson: I get very upset when I see the cheap regional rhetoric that some people employ. It is such an easy temptation because language issues, cultural issues and racial issues are always the most difficult in politics and you see a lot of rhetoric because it is so easy to blame things on other people. That is why we need moderate, conciliatory voices to deal with these things.

Maclean's: *What does it say about the relations between Ontario and Quebec?*

Peterson: Quebec and Ontario have better relations than they have had in the past 20 years. We have differences of opinion on trade and language, but it is others who are into manufacturing cleavages: the provincial governments are not. I think you can be overly sensitive to this kind of stuff. I have disagreements with my wife from time to time, but it doesn't ruin my marriage.

Maclean's: *The relationship between the governments of Canada and Ontario is cool. How much of that is a product of your personal relationship with Prime Minister Brian Mulroney, which is said to be strained?*

Peterson: I do not believe that. I have known the Prime Minister for 20 years.

Maclean's: *How would you describe your relationship with Mulroney?*

Peterson: Well, you know he has his responsibilities and I have mine.

Maclean's: *Are you friends?*

Peterson: What is a friend? We are acquaintances. Our relationship is cordial and normal.

Maclean's: *You have already said that you are not going to seek the leadership of the federal Liberal party. Will you change your mind?*

Peterson: I am very happy here. Being the prime minister is a very different lifestyle from being a premier. The Prime Minister goes to economic summits and I go to bingo games. I am excited about what we are doing in Ontario, and we are changing the way our people think of government. It used to be a closed shop of a small group of cigar-smoking men in the [Conservative] Albany Club. I don't have any desire to go. I am not obsessive and I have never seen my destiny in this business. I am not going to be a politician for the rest of my life. I believe passionately in what I am doing now. I think I will want to get out before people say I should get out. □

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—Graham Greene, *The Honorary Consul*

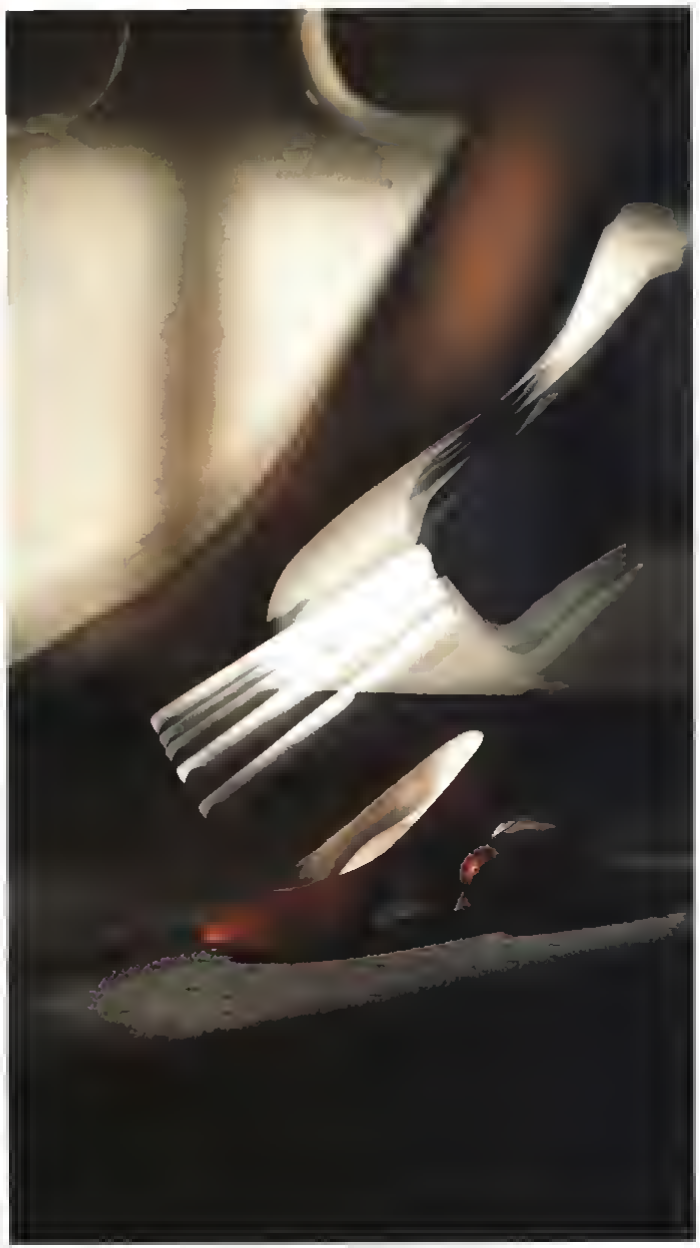
The British novelist's honorary consul was a sad, muddled Englishman serving a diminishing handful of compatriots in a northern province of Argentina in the late 1960s. When revolutionaries mistake him for a more distinguished visiting diplomat, they kidnap him to exchange for imprisoned comrades—but soon discover that he is not the bargaining chip they had hoped for. In the end, the consul is wounded—but survives when Argentinian police storm the revolutionaries' hideout. Greene's harrowing portrait of diplomatic life bears little resemblance to the daily routine of the 242 Canadian citizens or permanent residents who serve as honorary consular officials in Canada for foreign governments. Instead, their days are often taken up with humdrum tasks such as processing visa applications or handing out tourism pamphlets. But honorary consuls are kept busy by the 67 nations who appointed them in Canada. Yolanda Pagnotta McKimmie, Italy's honorary vice-consul in Victoria, B.C., for 30 years, says that her condominium is often engulfed by the paperwork she processes for 10 000 Italian-Canadians in her region. "If you take it seriously," she said, "it can be a 24-hour-a-day job."

Among the duties of honorary consuls—the honorary indicates that they are unsalaried, nonprofessional diplomats who generally work out of their homes or businesses—is promoting commercial relations between Canada and the countries that appointed them. They also provide legal and community services for immigrants and visitors from the countries they represent. The rewards for those chores are minimal: some receive an honorarium to cover minor expenses, but most receive nothing at all. Clearly, honorary consuls are at the bottom of the pecking order among foreign envoys.

Still, there are some perquisites—among them parties and receptions. But those fringe benefits are minor compared with the privileges enjoyed by the career professionals who staff embassies in Ottawa and consulates maintained by foreign governments in major cities. Those privileges include diplomatic immunity from arrest for minor crimes, duty-free shopping and access to high-level government officials. Yet many honorary consuls appointed by foreign governments say that the job brings



Ziegler and Rolls-Royce: terrific contacts and a busy party schedule



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them a sense of achievement. Said Montreal lawyer Harrison (Harry) Bloomfield, the Canadian-born honorary consul general for the African nation of Liberia and honorary consul for the Central American country of Belize: "It is a privilege to do this job because I'm representing struggling nations."

The appointment of an honorary consul must be ratified by the department of external affairs, which issues a letter of confirmation. Countries can grant honorary consuls the same powers as career consuls, including the authority to issue passports and visas, and to act as notaries public. And for some foreign nations, honorary consuls sometimes act as an essential ear to the ground in Canada. Bruce Oland, the 70-year-old former president of Oland's Breweries, serves as Japan's honorary consul general in Halifax. He said that before the Nov. 21 Canadian federal election the Japanese Embassy in Ottawa asked him to monitor the political mood in Atlantic Canada. Said Oland, "I told them what I heard on the street."

For his part, Bloomfield, who worked on Prime Minister Brian Mulroney's 1983 Tory leadership campaign, says that he represented Belize at the Uruguay Round of GATT negotiations in Montreal last year because the tiny nation could not afford to send a regular delegate. "Since Belize starts with a 'B'," he said, "I was sitting in the front row. When the Prime Minister was up there giving his speech he must have wondered what I was doing there."

While the work varies in scope, the vocation of honorary consul has a long and well-weathered pedigree in Canada—above all in the country's seaports. In 1867, in Canada's first year of nationhood, the Kingdom of Sardinia—now part of Italy—had an honorary consul in Halifax. Now, Italy's honorary consul in Halifax is himself Sardinian-born Rodolfo Meloni, who came to Canada from his native Mediterranean island 20 years ago and owns an import-export firm. Meloni clearly takes his work seriously. As well as meeting the needs of the area's 5,000 Italians and Italian-Canadians, Meloni is working to raise funds for a museum to be erected in the memory of Guglielmo Marconi, the Italian radio pioneer.

The social whirl of the diplomatic representative's life has clearly pleased some honorary consuls. Fritz Ziegler, for one, an 86-year-old former chocolate manufacturer who came to Canada at age 9 from his native Germany, is Monaco's representative in Vancouver. Ziegler said that his consular work, helping visiting businessmen and sending reports to Monaco, "gives me something to do. It keeps me active, and there are lots of parties." He sought the position on the advice of an acquaintance who was Prince Rainier's chief counsellor. Said Ziegler: "I had terrific contacts both socially and in business, I had a Rolls-Royce, a beautiful home in the shape of a castle and the best collection of medieval furniture in Canada." After being screened by Monaco officials, he became honorary consul in 1965. Said Ziegler: "It costs you a buck or two to do this job. That's why they want to know all about your lifestyle before they give you your job."

Raj Pillai, honorary consul for Fiji in Vancouver, told *Maclean's* that his main goal is "to provide service to my fellow man. I don't care at all about the status." Lawyer Marc Dorion, honorary consul for the Central African Republic in Quebec City, said that his job is to educate others about the status of the country that languished and almost died under the corrupt regime of former dictator Jean Bédel Bokassa. Said Dorion, "They have a constitution now and it's a country that needs a lot of help."

Indeed, many honorary consuls can look back on careers marked by significant accomplishments. Mauno Kaihla, an insurance salesman who served as the Finnish consul in Sault Ste. Marie for 20 years until his retirement in 1983, was chairman of a committee that oversaw the construction of a $3 million, 132-unit senior citizens' apartment complex for the local community of 3,000 Finnish Canadians. Kaihla was also chairman of the finance committee for a 22,000-square-foot cross-country ski lodge, and estimates that he volunteered 3,000 hours of his time to the two projects. As a consul, said Kaihla, "you are able to do good things for people that they cannot do themselves."

Honorary consuls usually hold their offices for an indeterminate period—with the consent of the nominating country. Most honorary consuls are asked to serve. Marc Dorion had acted in a legal matter for the Central African Republic in 1984 and two years later, while on business in Africa, he was summoned to a meeting with President General André Kolingba. "I spent several days talking with him," says 31-year-old Dorion. "About three months later, a decree came in the mail and I was the honorary consul."

Many honorary consuls make regular trips abroad, usually at their own expense. Halifax's Oland has made two trips to Japan, the most recent one last October. He said that he receives a special welcome—"a staff car, an interpreter and a vigorous schedule." Like some other honorary consuls, Oland occasionally enlists his own office staff to help with consular duties. But when asked whether his title gave him commercial advantages in Japan, Oland replied: "No, I wouldn't try to sell them beer. I just wouldn't do that. Besides, I am not in the business anymore."

In addition to External's regular consular offices abroad, Canada also has 47 honorary consuls representing its interests overseas. About three-quarters of them are businessmen, while the rest are retired people "who want something to do and who want to be involved with Canada," said Robert Hatheway, an officer in External Affairs' consular policy division. Compared with some countries, Canada restricts the power of its own honorary consuls abroad. Although they can get in touch with local police if a Canadian gets into trouble, or carry out instructions from the local Canadian Embassy, "they can't take any initiative on their own," said Hatheway. On the other hand, they are paid. Canada's consuls receive a minimum honorarium of $3,000 a year, plus expenses, with more paid to men and women in areas that attract a lot of Canadian tourists. Even at the bottom rate, Canada's honorary representatives abroad get substantially more than the one-peso value that Graham Greene's honorary consul put on his own forlorn head.

GLEN ALLEN *with correspondents' reports*



Bloomfield: minor benefits and the occasional appearance on the world stage

A CELEBRATION OF POWER

GEORGE BUSH ASSUMES THE PRESIDENCY IN LAVISH STYLE WITH A CALL TO PUBLIC SERVICE



Only minutes earlier, he had placed his left hand on a Bible once used by George Washington and taken his oath of office as the 41st president of the United States. But when he heard a voice call out "Mr. President" as he left the inaugural stage, George Bush automatically turned to the figure in whose shadow he had served for eight years—Ronald Reagan. "I looked around, waiting for Mr. Reagan to reply," he said. Then, behind him, Bush felt what he described as "something between an affectionate hug and a punch in the kidney" from his wife, Barbara, whom he publicly nicknamed "the Silver Fox" last week. Said Bush: "It was the Silver Fox saying, 'Let's get going.'" With that prod—and that characteristic self-deprecating story—the man who had begun his quest for the presidency 12 years ago finally realized that he had reached his destination.

It was the friendliest transfer of power in recent American history. All week, Bush had stressed continuity, paying lavish tribute to his predecessor as "my teacher here, my friend." And from the steps of the Capitol, as he waved off Reagan and his wife, Nancy, in a military helicopter—the first leg of their flight back to private life in Los Angeles and their ranch near Santa Barbara, Calif.—he said that he fought "to keep the tears from flooding down my cheeks." But in the rhetoric and symbolism Bush chose to mark the opening hours of his presidency, he quickly made clear that the Reagan era, with its scripted Hollywood pomp and stark ideological battle lines, had come to an end. With a deft mix of homey metaphors and a lofty moral call to arms, Bush appealed for a new era of conciliation—across economic and party lines and throughout a nation still rent by the bitter memories of the Vietnam War. Turning to the Democratic leaders of Congress gathered on the Capitol steps with him—and on whom the goals of his presidency now depend—Bush declared, "This is the age of the offered hand."

Bush's plain, navy-blue business suit contrasted sharply with the formal morning coat Reagan had donned eight years ago. And he played down his patrician origins by borrowing a page from former president Jimmy Carter—three times jumping out of his new $600,000 armored Lincoln limousine to stride part of the inaugural parade route on foot. Then, he threw open the doors of the White House to the public for three hours the next morning. But, despite those symbols of a more egalitarian and accessible presidency, Bush's upper-crust Yankee roots found starkest expression in his moving rallying cry for public service and a more ennobling set of national values. "My friends, we are not the sum of our possessions," he said. "We cannot hope only to leave our children a bigger car, a bigger bank account. We must hope to give them a sense of what it means to be a loyal friend, a loving parent, a citizen who leaves his home, his neighborhood and town better than he found it."

The President and First Lady with Vice-President and Mrs. Quayle friendly



PAUL JASIENSKI—CLIQUE GROUP

For some watching the most expensive inauguration in history—a glittering, five-day, $30-million extravaganza that flooded Washington with fur coats, Texan ten-gallon hats and limousines—Bush's words held a cruel irony. Hundreds of Washington's homeless—many of them forced out of their makeshift shelters in Lafayette Park, across from the White House, to make way for the parade-route viewing stands—staged a protest against such a lavish display of wealth at a time when the gap between rich and poor is greater than ever in the country's history. As Republicans sat down to a $1,800-a-plate black-tie dinner of crab pâté and veal inside Union Station, the Counter Inaugural Coalition for a People's Agenda set up a candle-lit soup kitchen outside, serving chili to the city's homeless. In fact, many elements of Bush's speech, including his only specific pledge—a vow to end the "scourge" of drugs—appeared to be a direct response to embarrassing television coverage last week. Within blocks of the White House, the networks had graphically shown some of the nation's worst poverty and drug-war violence, which last year made Washington the country's homicide capital with 372 murders.

Still, Bush's proposed solution was not federal action but a national ground swell of volunteerism—"a new engagement in the lives of others." He had already sounded that theme of social responsibility at last summer's Republican convention, terming America's volunteer communities "a thousand points of light." And he kicked off the opening of the inaugural festivities last Wednesday with a ceremony on the steps of the Lincoln Memorial intended to depict that concept. Organizers had distributed 40,000 tiny commemorative flashlights to the crowd gathered along the capital's historic mall. And as dusk fell over the majestic marble statue of Abraham Lincoln, Bush urged: "Where there is darkness, let us work together to bring light to all of God's children. Get those flashlights ready." Then, as spectators flipped on the 40,000 penlights and Bush lit a giant torch onstage, the night sky exploded in a massive burst of fireworks.

Still, as Bush made clear in his inaugural address, his notion of a national volunteer corps is not purely philosophical. It was also born out of necessity: the projected $185-billion budget deficit. Said Bush: "We have more will than wallet." Underlining that sobering reality, the government last week released a report showing that November's trade deficit rose by 22 per cent to $15 billion, the highest in five months. Despite White House spokesman Marlin Fitzwater's assertion that the figures represented "an aberration," some financial analysts warned of a recession later this year.

In fact, as the inauguration's balmy opening weather gave way to overcast skies and plunging temperatures, Bush's invocation of the deficit served as a stark reminder of the hurdles his administration faces. One hint came when the Senate governmental affairs committee last week pelted Bush's new budget director, Richard Darman, with questions about the sincerity of his boss's defiant vow at the Republican convention: "Read my lips—no new taxes." And a *Wall Street Journal*-NBC News poll reported that 71 per cent of Americans doubt that Bush can keep his promise.

Still, congressional Democrats defied post-election predictions that they would punish Bush for his sharp-elbowed campaign rhetoric and liberal-bashing during last fall's campaign. Instead, they seemed to be indulging him in an amiable honeymoon. The Senate agreed to open confirmation hearings for Secretary of State James Baker, the man who had orchestrated Bush's fall offensive, even before the

World Notes

FRENCH FISHING ROW
A tense standoff pitting France against residents of St-Pierre-Miquelon, two French islands 12 miles south of Newfoundland, subsided when the owner of two French factory fishing trawlers removed one vessel from disputed waters in the Atlantic. Island officials are to begin talks with Paris on alleged overfishing. Earlier, when France had sent paramilitary police to control the crisis, several hundred residents prevented them from disembarking at the local airstrip.

SCHOOL-YARD MASSACRE
A 26-year-old drifter opened fire with a Chinese-made AK-47 assault rifle in an elementary school playground in Stockton, Calif., near San Francisco. Patrick Purdy killed five children and wounded 30 before killing himself—taking with him the motive behind his rampage. The dead children were of Kampuchean and Vietnamese descent.

BELGIAN DISAPPEARS
Three leftist terrorist groups have claimed responsibility for the kidnapping of former Belgian prime minister Paul Vanden Boeynants, who disappeared from his Brussels apartment on Jan. 14. Boeynants, 69, has been under investigation for alleged bribe-taking as defence minister in the 1970s.

PRAGUE RALLIES
In Prague, Czechoslovak police used dogs, water cannon and batons to disperse crowds and beat protesters who were calling for free elections, human rights and the ouster of Communist party chief Miloš Jakeš.

POLISH REFORM
In Warsaw, Communist party leaders adopted proposals that could lead to the gradual legalization of the Solidarity trade union. Polish leader Gen. Wojciech Jaruzelski—who crushed the union under martial law in December, 1981—argued that the party had to make concessions because of mounting public anger over soaring inflation and chronic shortages.

MARCOS ILLNESS
While lawyers for Ferdinand Marcos, 71, were telling a U.S. district court judge in New York that he was dying and could not stand trial on corruption and fraud charges, the ousted Philippines leader—lying in a Honolulu hospital—suffered a collapsed lung. Prosecutors dropped their demand that Marcos fly to New York for arraignment, saying that his plea could be taken in Hawaii.

inauguration. And signalling the new mood of forgiveness, Baker was escorted to the foreign relations committee witness stand by Senator Lloyd Bentsen, the Democratic vice-presidential candidate who had most bitterly lambasted his tactics. Said a conciliatory Bentsen: "Our national interests will be strongly protected if Jim Baker is secretary of state."

In fact, Baker had used some of the same tactics he employed during the election to charm the committee: he had left nothing to chance. Not only had he cased the hearing room in advance, but he had spent an average of two hours privately wooing each of the 19 committee members. As a result, the committee did not quarrel with Baker's refusal to spell out Bush's foreign policy in detail. Nor did conservatives question the fact that Bush's team carries the imprint of their onetime nemesis, former secretary of state Henry Kissinger. Both National Security Adviser Brent Scowcroft and deputy Secretary of State Lawrence Eagleburger have served as top executives of Kissinger's international consulting firm. And one indication of his resuscitated influence came last week as he met with Soviet leader Mikhail Gorbachev in Moscow.

Even the Soviets themselves seemed eager to show Bush their geniality on the final day of the 35-nation Conference on Security and Cooperation in Vienna. Foreign Minister Eduard Shevardnadze announced that the Kremlin will dismantle some short-range nuclear missiles and artillery pieces as part of its plan to scale down its military presence in Central Europe. But the first headlines indicating Bush's foreign policy may very well be generated not by Baker but by Vice-President Dan Quayle. After virtually ignoring Quayle ever since the election, Bush is sending him on a tour of Venezuela, Guatemala and Mexico at the end of this week.

But the real star to emerge from last week's festivities was Barbara Bush, who promises to become the country's newest folk heroine. More than 6,000 admirers clamored to pay $78 for a glimpse of the no-frills 63-year-old First Lady, forcing the organizers of the Kennedy Centre reception in her honor to book two extra concert halls. And she brought all three houses down with a send-up of her own lack of glamor. "Please notice the hair, the makeup, the designer clothes," she said, executing a pirouette onstage in her blue Bill Blass suit. "I want you to watch me all week—and remember, You may never see it again." She has acknowledged receiving sacks of mail from women who identify with her grandmotherly girth, white hair and wrinkles. In a TV interview late last week, she also showed that her wit could outstrip her husband's. In one of his characteristic verbal misadventures, Bush attempted to defend his wife's fan mail, telling her, "They're not talking about whether you're a blimp or not." That breach of marital diplomacy provoked an "Uh-oh" from interviewer Barbara Walters. Predicted Bush's third son, Neil, a Colorado oil investor: "I think you're going to see some pretty interesting things out of my mother as First Lady."



The Reagans depart; comedian Bob Hope and wife, Dolores (below), protests from the poor

Nothing illustrated the breezy new family style the Bushes are ushering into the White House better than their move itself. As he delivered his inaugural address to the nation, a crew stripped the Reagans' photographs off the walls and carried in the Bushes' furniture—including a dozen folding camp cots for the 20 children and grandchildren who were sharing their first night at 1600 Pennsylvania Ave. Toddlers littered the inaugural festivities—and the presidential lap. They stole the show from their "Gampy" at the opening ceremonies as they danced to the music of the Beach Boys, and even commanded their own special inaugural lunch of grilled cheese sandwiches and chicken nuggets on Capitol Hill. And as Bush arrived on his official stand to review the inaugural parade, the nation looked on as the new president first found himself presented with several newly acquired toys to admire.



In those slice-of-life moments, Bush displayed the natural spontaneity that he had hidden during his vice-presidential years—and he vows to carry on in his bid for a normal life in the White House. Already last week, his penchant for outings to Chinese restaurants and a surprise drop-in on a students' forum were taxing the nerves of his secret service detail. And to some analysts, his unpredictability only added to the questions that linger over what shape the Bush era will ultimately take. Whatever it is, Bush gave them fair warning that the curtain had come down on the showy theatrics of the past eight years, during which a cowboy actor led the nation. "Some see leadership as high drama, and the sound of trumpets calling," he said. "But I see history as a book with many pages." Still, until his Feb. 9 address to a joint session of Congress, an expectant nation must await the actual unfolding of the plot.

MARCI McDONALD *in Washington*



Police in Overtown: there is growing resentment at waves of new refugees

Miami's racial fires

Arson and rioting mar Super Bowl week

The timing could not have been worse for Miami. On the evening of Jan. 16, police officer William Lozano stepped into the middle of 3rd Avenue in the city's mainly black Overtown section, levelled his gun and fired a single shot from his Glock semi-automatic at a speeding motorcyclist. The officer's lawyer later said that he fired in self-defence. The shot hit the unarmed black man in the head and killed him—and ignited a fire of racial strife at a time when thousands of football fans were pouring into the city ahead of Sunday's Super Bowl XXIII. Three nights of burning, looting and shifting scrimmage lines between police and black rioters ensued. Before an uneasy calm settled over Miami last Thursday, about 250 people had been arrested, one had been killed and damage to property was estimated at $1 million. And under the intense glare of national news media, the "Miami Nice" image that city officials had worked diligently to project had quickly reverted to the "Miami Vice" image that they had endured for years.

The bullet fired by Colombian-born policeman Lozano became a symbol for the residents of the impoverished black neighborhood of Overtown, an area of about one square mile just north of downtown Miami. For many of them, the shooting last Monday—as Americans celebrated the birthday of slain civil rights leader Martin Luther King Jr.—symbolized innate disrespect for their community.

But the rioting that followed reflected more deep-seated frustrations. Some black leaders said residents were outraged by police tactics and long standing neglect of the black community's problems by Miami's Cuban-dominated power structure; many complained that new waves of Hispanic immigrants receive preferential treatment in jobs, housing and social services. Adding to their frustration were recent news reports on the anticipated arrival of thousands of new Nicaraguan refugees from Texas after a federal judge lifted travel restrictions on aliens seeking political asylum. Said Perry Anderson, Miami's black police chief: "There are legitimate concerns out there that many blacks have been disenfranchised."

According to police reports, Lozano and another officer were standing by the roadside in Overtown on the evening of Jan. 16. They heard a call on their car radio that a motorcyclist—pursued by an off-duty officer who gave chase when the motorcycle sped past him—was heading in their direction. Lozano stepped into the street and fired, killing Clement Anthony Lloyd, 23, a native of the U.S. Virgin Islands and co-owner of an Overtown car wash. His black passenger, Allan Blanchard, 24, was critically injured when the motorcycle spun out of control and crashed.

Police spokesman Armando Villorin said that it was unclear why Lozano, 30, had opened fire on the unarmed men. The four-year veteran of the force refused to co-operate in the investigation and was suspended pending its outcome. Roy Black, Lozano's attorney, claimed that the policeman was about to be run down by the motorcycle and acted to save his own life. "He used deadly force in justifiable self-defence," Black said, adding that city officials were turning Lozano into a scapegoat to salvage Miami's image. But Marvin Dunn, a community psychologist who coauthored a book on the 1980 riots in Miami—which left 18 people dead and $100 million in property damage—said that the incident was typical of the lack of restraint shown by the police in black neighborhoods. "Police officers would not start shooting at motorists in a white community where there was a chance of hitting women and children," said Dunn. "But they don't feel the same constraints in a black area."

Within hours of the Monday killing, an angry crowd of up to 200 blacks took to the streets of Overtown. They set fire to buildings and cars, looted shops and hurled rocks and bottles at police, television reporters and motorists. The siege continued for six hours until hundreds of heavily armed police imposed a blockade on sections of the city.

More violence flared on Tuesday after reports that motorcycle passenger Blanchard, a native of St. Croix who had been in the United States only two months, had died in hospital. A professional basketball game at the Miami Arena on the edge of Overtown was cancelled

at the last minute when rioters surged toward the building. Violence spread northwest to the predominantly black Liberty City district where the 1980 riots were centred. Police battled snipers and bottle-throwing demonstrators with tear gas. Seven people, including one policeman, were injured by gunfire. Later, a black teenager was found shot to death on a Liberty City street, the victim of a dispute with another man over looted goods.

In one harrowing incident on Tuesday in Overtown, a black youth threw a stone at a passing white motorist. The motorist stopped his car, got out and shot the youth in the leg. As police rushed to the scene, a four-person CTV news crew followed. Robert Hurst, the Canadian network's Washington bureau chief, attempted to interview some of the black witnesses as bottles flew. But once the police left, said CTV sound man Andre Leclair, "bottles and rocks started flying in earnest." As the crew fled toward their van, three were hit by rocks and pieces of cement. They dove into the van and "just as we shut the doors," said Leclair, "the windows just started to explode." The three were treated for minor injuries.

Despite appeals for calm by Miami Mayor Xavier Suarez, sporadic violence continued until Thursday, when the heavy presence of police in Overtown and Liberty City appeared to have quelled the uprising. But the unrest had already left image-conscious city officials scrambling to minimize the impact on Super Bowl Sunday. Dick Anderson, head of the Superhost Committee, said that as many as 100,000 out-of-town fans were expected in Miami, generating as much as $180 million in revenues for the area. Anderson insisted that he had not heard of "a single cancellation" due to the riots. Meanwhile, visiting players from the San Francisco 49ers and Cincinnati Bengals—under intense media scrutiny on the eve of one of America's premier sporting events—found themselves in the unaccustomed position of having to comment on Miami's social upheaval. "That is really what life is over there," said Cincinnati quarterback Boomer Esiason. "It really puts this game in perspective."

Blacks, who account for 20 per cent of the Dade County population in southern Florida, have long resented the growing Hispanic presence, which has doubled—to 44 per cent—in the past 20 years. Cubans poured into the region in the early 1960s, after the Communist revolution on their island nation 145 km to the south. Another 100,000 settled in Miami following the Mariel boat lift of 1980. Among these immigrants were the political dissidents and hardened criminals that Fidel Castro freed from jails and allowed to set sail for the Florida coast. As a sign of Cubans' growing social status, Cuban-born Suarez became mayor of the city in 1985.

In recent years, the Hispanic ranks have been swelled by an influx of Central Americans escaping wars and poverty back home. Through a combination of personal enterprise, government assistance and the common bond of Spanish language with their Cuban predecessors, the Hispanic newcomers have thrived in Miami, achieving a level of economic prosperity that is the envy of local blacks.

Recent newspaper reports in Miami about a new influx of Nicaraguans to the region clearly fanned the flames of last week's riots. Refugees from Nicaragua are illegally entering the United States at the rate of about 1,500 a week, according to Duke Austin, a spokesman for the U.S. Immigration and Naturalization Service. The influx dates back to July, 1987, when then-Attorney General Edwin Meese ruled that political refugees from Nicaragua—where U.S.-backed contra rebels have been fighting the leftist Sandinista government since 1981—should get special treatment. He said that the immigration service should "expedite Nicaraguan applications for work authorization."

Most Nicaraguan refugees wade across the shallow Rio Grande on the Mexican-Texan border, report to an immigration office and file papers seeking political asylum. Then they travel to the city of their choice and await a hearing. Federal officials say that for about 80 per cent of them, the destination is Miami. Responding to complaints from city officials in Miami and Los Angeles, last December the immigration service ordered that refugees seeking asylum stay in the Rio Grande Valley while their cases are heard. But as the number of aliens swelled into the thousands—turning sections of such south Texas towns as Brownsville into overcrowded and unsanitary refugee camps—a Federal Court judge overturned the service's travel restrictions on Jan. 9. Almost immediately, busloads of Nicaraguans began rolling toward Miami, the mecca of anti-Communist Hispanics.

On Friday last week, police began a limited withdrawal from Miami's black neighborhoods but remained braced for further disturbances. One potential flashpoint was removed when local black activists dropped plans to blockade Joe Robbie Stadium on Super Bowl Sunday in exchange for a meeting with Mayor Suarez. Many blacks said that the only way to defuse tensions was for the city to give top priority to easing poverty, joblessness and rampant crime in the black community. Suarez promised $1 million for economic development, but black leaders said that was not enough. "We're going to have to deal with long-term solutions and not just sweep under rugs," said Arthur Teele, a prominent black businessman. For Miami residents of all races and colors, Teele's words seemed to offer the best hope of peace in a troubled city.

ANDREW BILSKI *with* PETER KIERNAN *in Miami* JACQUELINE LARSON *in Brownsville* WILLIAM LOWTHER *in Washington and* MARY NEMETH *in Toronto*



Arrests in Liberty City: unemployment, poverty and crime



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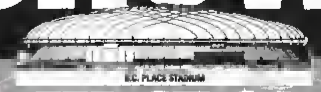
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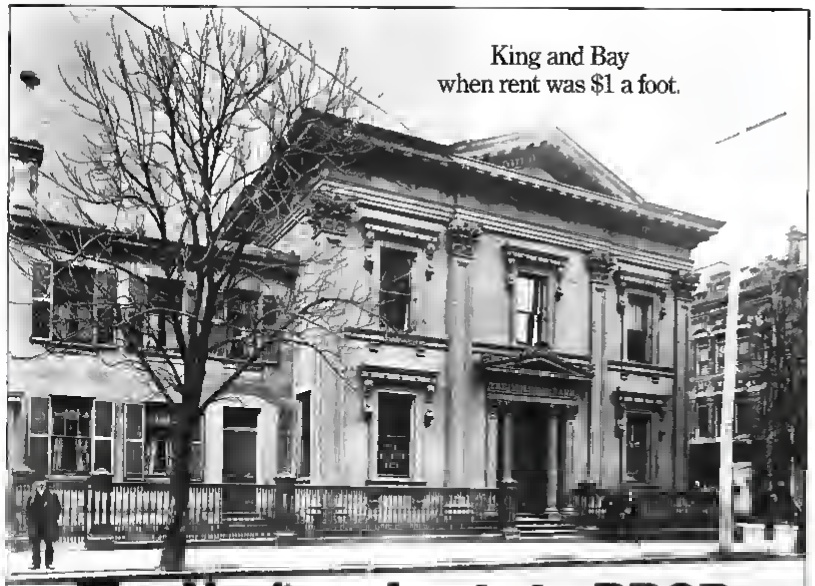
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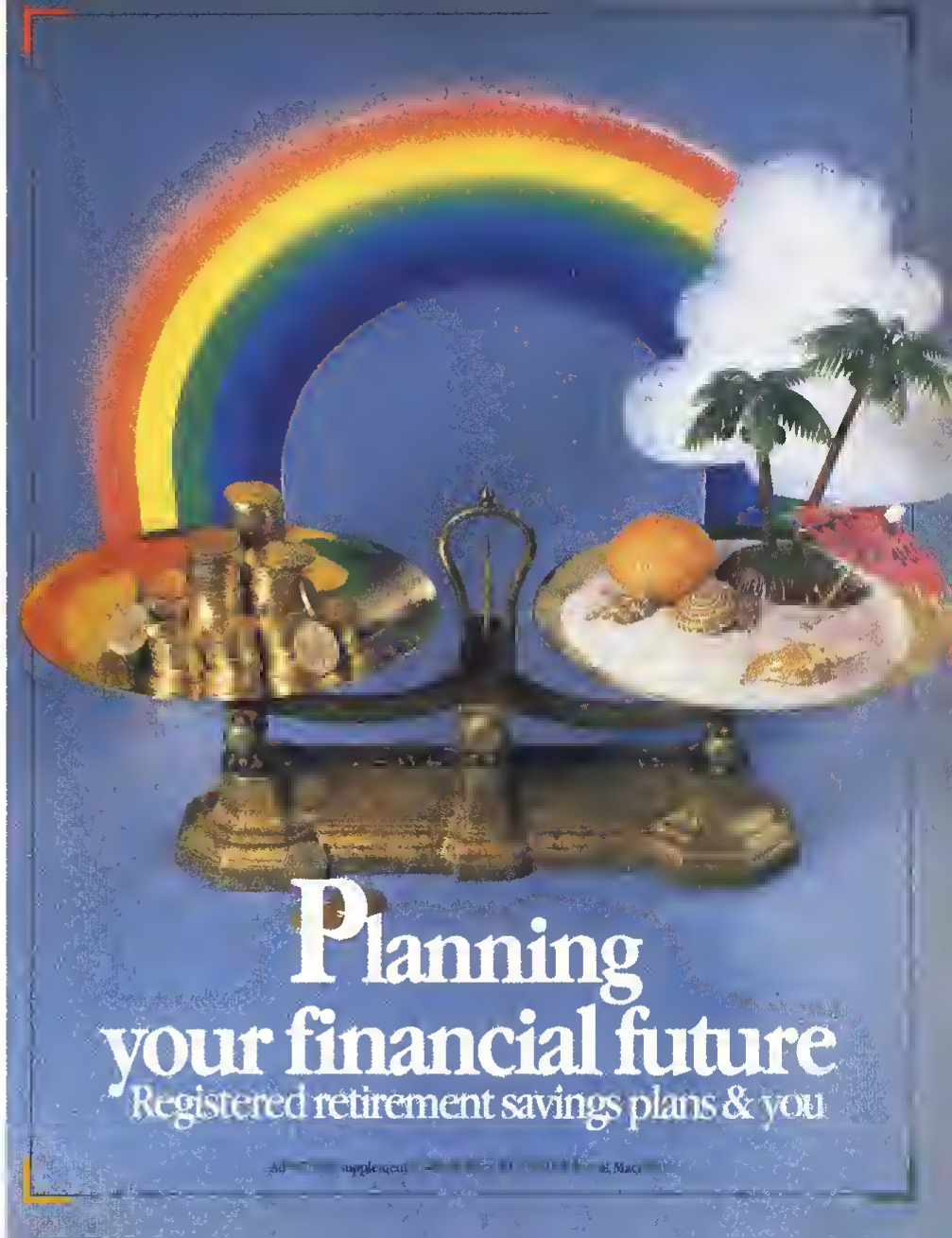
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M



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Make your retirement dream work

If you are like most Canadians, you have a retirement dream. It might be a home in the country, winters in the sun, or a life with time to do all the things you're putting off now. Your fantasy might be decades away, or just a few years down the road.

Dreams are important. But so is reality. And the reality of retirement dreams is that they cost money. So if you want your years of leisure to pay off, you've got to start planning now. Whether you're in your early 30s or your mid-50s, there is no better time than the present to take a serious look at your Registered Retirement Savings Plan.

If you do not already have an RRSP, you could be losing out on a bright future. Canadians have billions of dollars invested in RRSPs, and for good reason—they are the ideal way to save for tomorrow by getting a tax break today. Simply put, an RRSP is your best retirement bargain.

Isn't it amazing, then, that some people are still making excuses for not investing in an RRSP? Even those who have already made a start on their retirement nest eggs sometimes find it all too easy to put off contributions for another year.

You'll also benefit by making your contributions early in the tax year, even though you have until the following March. For example, if you make a habit of contributing $7,500 on January 1 you'll accumulate $203,265 more after 35 years than you would if you contribute at the end of the year. Not only that, you'll avoid the long lines that form as the deadline approaches.

WHY WAIT UNTIL TOMORROW?

You've probably heard all the excuses for not making your RRSP contribution this year. Maybe you've even used them yourself. Let's try on a few for size.

1. Why should I worry about an RRSP today when my retirement is years away?

Now is the time to start planning for a financially healthy retirement. In fact, by not investing today you are hurting your chances of meeting your savings goals. Did you know that if you invest just $3,500 in an RRSP for 35 years at 10 per cent you will accumulate more than $1 million? On the other hand, if you don't contribute until 15 years before retirement, you'll have just $122,000.

2. I don't need an RRSP, I can save for retirement on my own.

Of course you can. But you'll have to work much harder to save outside an RRSP. The income you earn by investing outside a plan is subject to federal and provincial income taxes, which may range up to 43.5 per cent. Within an RRSP, your interest can compound free of tax until you withdraw it. Plus, you'll get a tax deduction for the amount of your contribution.

3. I don't need to contribute to an RRSP because I have a company pension plan.

If you are a member of a registered pension plan, you're in the minority. Only 40 per cent of working Canadians belong to such plans, and even they may find pension payouts inadequate. If you're part of the other 60 per cent, an RRSP may well be a necessity. It could make the difference between a meager income at retirement and one that will let you fully enjoy life.

Even top-rate pension plans will provide income of just 70 per cent of your best five years of earnings. Lower-income earners may find that 30 per cent reduction leaves them in financial difficulty.

4. I don't need to worry too much about income. I'm planning to turn into a couch potato when I retire.

You might be surprised. For example, if you estimate you'll need an annual retirement income equivalent to $40,000 in today's dollars, plan on $300,000 a year in 35 years if inflation runs at six per cent. An RRSP can go a long way toward helping meet that goal.

GROWTH OF $3,500 ANNUAL RRSP CONTRIBUTIONS

End of Year	8%	10%	12%
1	$ 3,780	$ 3,850	$ 3,920
2	7,862	8,085	8,310
3	12,271	12,744	13,228
5	22,176	23,505	24,903
10	54,759	61,359	68 791
15	102,635	122,324	146,136
20	172,980	220,509	282,446
25	276,340	378,636	522,669
30	428,211	633,302	946,024
36	651,357	1,043 444	1,692,121

THE IDEA OF SPREADING YOUR R.R.S.P. INVESTMENTS ISN'T NEW.

BEING ABLE TO AFFORD TO IS.

Optimum diversificatioe is something we all strive foc. Unfortunately, most portfolios that fit this description requite e lot of money. At Investors Group we're introducing Portfolios that start at a mere $500 for registered accounts and $1,000 for opea accoants. And your Portfolio reportiag is oa one simple statement. As a client, you need aa lavnatment structure that will take care of yoa whether you went to iavast a little or a lot. You're ebout to be given that choice.

PORTFOLIOS BY Investors Group

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5. I don't have the money right now.

You don't have to contribute your maximum to an RRSP each year, although the more you put in, the faster it will grow. You might also consider borrowing to make a contribution. Interest on money borrowed for an RRSP is not deductible for income tax purposes, but you may be able to pay back most of the debt out of the increased tax refund your contribution will bring.

6. RRSPs are too complicated for me.

Yes, RRSPs can be complicated. But they can also be as simple as a bank account. With a wide variety of investments at your disposal, you don't need to be a financial genius to open an RRSP.

NOT CONVINCED YET? READ ON

Let's take a closer look at some good reasons for investing in an RRSP.

The best reason, of course, is peace of mind — approaching retirement with certainty that your financial needs are taken care of. Nobody wants to work all his life only to face a retirement fraught with financial worry.

That's exactly what an RRSP is designed to prevent. When introduced by the federal government in 1957, the RRSP was intended as a vehicle through which Canadians could provide for their own retirements — with help from Ottawa in the form of tax deferral. Today, the RRSP is even more attractive. For one thing, it's one of the few tax breaks left in the wake of tax reform.

It is this tax advantage that makes the RRSP such an attractive retirement-savings tool, even if you can't contribute the maximum each year. (For current contribution, see the table in this supplement.) Because income is allowed to compound unhindered by tax, it grows much quicker than the same amount invested outside a retirement plan.

Even if you invest just $1,000 inside a plan each January, you'll have $298,127 after 35 years. But without the tax shelter of an RRSP, you would have just $109,314 at the end of the same period, assuming a typical top marginal tax rate of 43.5 per cent. What's more, at a 43.5 per cent tax rate, you'll need to earn almost $1,800 to produce enough after-tax income for your non-RRSP investment.

Now let's look at how much you will accumulate if you contribute $7,500 each year to an RRSP earning 10 per cent interest. At the end of 30 years it would be worth $1,357,076; contribute for another five years and you will boost the total to $2,235,951. Here again, you're much further ahead than you would be by investing an identical amount outside an RRSP. Your non-RRSP contributions (assuming a 43.5 per cent tax rate) would be worth just $819,553. And don't forget the immediate benefits of tax deferral. A $7,500 contribution would add $3,263 to your tax refund. That in itself may be an attractive reason to invest in an RRSP. But don't lose sight of the real value building retirement savings.

GROWTH OF $1,000 INVESTED AT 10%

END OF YEAR	INSIDE RRSP WITH NO TAX	OUTSIDE RRSP 43.5% TAX*
	$	$
1	1,100	1,057
2	2,310	3,173
3	3,641	3,352
5	6,716	5,914
10	17,531	13,699
15	34,950	23,945
20	63,003	37,433
25	108,182	55,186
30	180,943	78,555
35	298,127	109,314

*Assumes a typical top federal-provincial marginal tax rate

START EARLY AND CASH IN

You've already seen from our example of $7,500 annual contributions how much of a difference a head start in RRSP contributions can make. In this case, the difference between 30 and 35 years turns out to be $878,873. To put it another way, you'll be 65 per cent wealthier if you squeeze in those extra five years of contributions.

OTTAWA CHANGES ITS TUNE — AGAIN

If you've been following the federal government's pronouncements on tax and pension reform, you may be confused. And it's no wonder. For the past few years, Ottawa has made a habit of announcing changes in RRSP rules and contribution limits, only to declare later that the changes will be delayed.

It happened again last August. Scheduled increases in RRSP contribution maximums, along with a plan to permit taxpayers to carry forward unused portions of their contribution allowances, were delayed. The main reason, it seems, is that the new pension legislation is too complex to put into place quickly. As a result, limits will now rise in 1990, the year when the carry-forward provision will also take effect.

R.R.S.P. INVESTMENT PORTFOLIOS SHOULD BE ABLE TO RESIST ANY CHANGE IN CLIMATE.

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Exposure to the sudden swings and shifts in the market are factors that most investors would be happy to live without. Investors Group is pleased to announce a series of Portfolios that can shield you against sudden changes in the investment climate. And your account reporting is on one simple statement. Bottom line? A sound portfolio should not have to adjust to changes in the climate. A sound portfolio should weather them.

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A preliminary prospectus in English or French may be obtained from Investors Syndicate Limited, 447 Portage Ave., Winnipeg, Man. R3C 3B6 or from Investors Group Services Investors Limitée, Ste. 401, 1903, Avenue Greene, Westmount, PQ H3Z 2A7

HOW MUCH CAN YOU CONTRIBUTE? While it would be reassuring to know that you could put as much into an RRSP as you would like, Ottawa isn't about to let taxpayers away with too much of a tax break.

If you are a member of a pension plan, your contribution limit for the 1988 and 1989 tax years is the lesser of $3,500 or 20 per cent of earned income, minus any contributions made to the pension plan. In other words, if you paid $1,000 into your company pension plan, you can contribute up to $2,500 to your RRSP. If you are self-employed or don't belong to a pension plan, you are allowed to contribute 20 per cent of earned income to a maximum of $7,500. The higher limit reflects the fact that those without pension plans must shoulder more of the burden of retirement financing.

The good news is that limits will rise — eventually. The first increase will apply to the 1990 tax year, when the contribution ceiling for those without pension plans is set to rise to $10,500 (or 18 per cent of the previous year's earned income instead of the current 20 per cent). The limit will gradually increase each year until it hits $15,500 in 1996.

For members of pension plans, the calculation of contributions enters a new era in 1990. RRSP contributions will be limited to the lesser of $11,500 or 18 per cent of the previous year's earned income, less adjustments that will reflect pension contributions made by you or your employer. (You will be informed by your employer of the amount of your pension adjustment.) By 1995, these limits will reach $15,500.

Beginning in 1990, the need to make full annual contributions won't be quite as urgent. You'll be allowed to carry forward any amount you haven't used for up to seven years. So if you put only $7,000 of your 1990 contribution limit of $10,500 into an RRSP, you can contribute the remaining $3,500 at any time during the next seven years. However, you should keep in mind that you'll still be losing out on tax-deferred growth if you don't take full advantage of your yearly allowance.

RRSP OPTIONS AND WHERE TO FIND THEM

Choosing an RRSP that meets your needs involves much more than running over to your local financial institution and plunking down some cash. Making the right choices requires homework. You should know what options are available and where to find the plan you want.

One of the key considerations, aside from how much you think you'll need at retirement, is the level of risk you are willing to take. At the best of times, it is not wise to gamble with retirement funds. But the nearer you are to retirement, the more you should be concerned with the safety of your nest egg. At 30, you'll have plenty of time to recover if you make a bad investment decision, at 55, your opportunities are limited. On the other hand, as with most investments, greater risk offers the possibility of greater rewards.

You can choose from a number of types of plans — including some that offer security and others that will satisfy your urge to speculate. At the low end of the risk scale are savings-type accounts, guaranteed investment certificates and term deposits. At the upper end are plans that invest in some of the roller coaster sectors of the stock market.

It is also worth noting that if you have not used up your $100,000 lifetime capital gains tax exemption, you should consider keeping interest-income investments inside your RRSP and growth and dividend investments outside. Although all these investments can benefit from tax deferral while inside an RRSP, capital gains outside a plan can be sheltered by the lifetime exemption.

In the end, only you can pick the RRSP that properly meets your needs and suits your investment temperament. The following outline of the basic categories of plans will help you make your decision.

SAVINGS PLANS: These are much like a typical bank account: only funds grow untouched by tax until withdrawals are made. Although interest rates tend to be lower than those for other RRSP investments, savings plans offer liquidity and safety of capital.

Among the most popular savings plans are daily-interest RRSPs available at most banks, trust companies and credit unions. In most cases withdrawals are allowed at any time, which makes this type of RRSP an excellent short-term choice for investors who have yet to commit to a long-term retirement strategy.

GUARANTEED INVESTMENT CERTIFICATES AND TERM DEPOSITS: Where both higher interest rates and safety of capital are desired, registered GICs and term deposits are the answer. But there is a price for higher rates — to earn more interest, you must lock in your investment for a specified period of time.

"There are two times in a man's life when he should not speculate: when he can't afford it, and when he can." — Mark Twain

We believe there is no room for speculation when it comes to planning for your retirement. We also believe you should have a wide variety of investment alternatives, including mutual funds, to allow you to make the right decisions. And finally, we believe ongoing professional advice will improve your investment performance. Decide today how you will live tomorrow!

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usually ranging from a few months to five years. The longer the term of the investment, the higher the interest rate.

In most cases these plans, available from banks and trust companies, cannot be cashed before they mature. Redeemable investments are available but if you withdraw your funds before maturity you may be subject to an interest-rate penalty. Therefore, if you have no qualms about making a commitment, non-redeemable GICs and term deposits are the best bet.

When purchasing an RRSP-eligible GIC or term deposit, be sure to inquire about the treatment of earned interest. Some plans automatically reinvest income at the rate paid by the GIC or term deposit, while others reinvest it in a fluctuating-rate daily interest savings account.

MUTUAL FUNDS. More Canadians than ever are choosing mutual funds for their retirement savings. One reason is variety. RRSP-eligible funds offer the chance to invest in everything from money-market instruments to stocks.

Mutual funds fall into three general categories: fixed-income funds, equity funds and balanced funds. Income funds generally invest in a mix of bonds, money-market instruments, mortgages and other income-earning investments. Equity funds invest mainly in the shares of companies listed on stock exchanges. Balanced funds combine the features of equity and income funds.

When you invest in a mutual fund, you are putting your cash in the hands of professional money managers who pool your capital with that of others and invest it according to the fund's stated objectives. You contribute to the pool by purchasing shares, or units, in the fund. The value of each share then fluctuates according to the performance of the fund's investments. The number of shares you own, multiplied by the current value of each share, represents the worth of your holdings.

As compensation for their management services, most mutual funds charge an annual fee of up to 2.5 per cent of your total assets. In addition, some charge sales commissions. A commission on the amount you invest is known as a "front-end" load, while a commission on amounts withdrawn is a "back-end" load.

Before choosing a mutual fund, be sure you know the type of investment you are getting into and the degree of risk involved. An income fund, for example, offers security of capital but little chance of massive gains. An equity fund is the opposite, offering the prospect of higher gains in return for greater risk.

Mutual funds are offered by banks, trust companies, financial planners, investment counselling firms, life insurance companies and mutual fund organizations themselves. Some institutions may offer a "family" of funds, each of which concentrates on a specific area of investment. If this is the case, you may be able to switch from one fund to another when your investment strategy changes.

Whatever you do, make sure the fund you are about to invest in is eligible for your RRSP. Some do not meet that criterion because their holdings are not recognized by Revenue Canada as qualifying for inclusion in an RRSP.

LIFE INSURERS' RRSPs. On the surface, RRSP products offered by life insurance companies appear similar to other deposit or investment RRSPs. Upon closer examination, however, you will find that there are important differences. In essence, a life insurance company RRSP is a deferred annuity, or an agreement by the insurance company to provide you with regular payments at a later date. The payments, usually received when you retire, are then taxed as income.

There are two main types of insurance company RRSPs: guaranteed-interest investments, which are similar to GICs and term deposits; and pooled funds, which operate much like mutual funds.

SELF-DIRECTED RRSPs: If you have previous investment experience, or simply want more control over your retirement finances, you may want to investigate a self-directed RRSP. This type of plan allows you to fully develop your own strategies. But be warned: you'll get back only what you put in. A self-directed RRSP requires more involvement by the plan holder and performs only as well as your investment talents, and those of your advisors, allow.

You can buy and sell stocks and bonds (including Canada Savings Bonds), invest in mutual funds and even hold the mortgage on your home inside a self-directed plan. But the plan must be set up under the auspices of a qualified financial institution, which will charge a yearly administration fee, usually about $100.

Another advantage of a self-directed plan lies in the opportunity to contribute non-cash assets. Securities you already own may be eligible, a strategy that can

MAXIMUM RRSP CONTRIBUTIONS
(FOR NON-MEMBERS OF COMPANY PENSION PLANS)

TAX YEAR	DOLLAR CONTRIBUTION LIMIT	% OF EARNINGS LIMIT*	EARNINGS NEEDED TO MAXIMIZE CONTRIBUTION*
1988	$ 7,500	20%	$37,500
1989	7,500	20%	37,500
1990	10,500	18%	58,350
1991	11,500	18%	63,900
1992	12,500	18%	69,450
1993	13,500	18%	75,000
1994	14,500	18%	80,600
1995	15,500	18%	86,100

*Applies to previous year's earned income from 1990 onward

Good news for people who don't have money to burn.



The performance you want.

If you're still feeling a bit shaky about the events of October 1987, you're not alone. A "play it safe" attitude this RRSP season is very understandable. But have you considered all your options?

In the long run, more gains may be made with the right mutual fund than with savings accounts or other guaranteed investment vehicles.

And without giving up as much security as you'd think.

For starters, we'll take a load off your mind. Following 20 years of management expertise, Royal Trust has become one of Canada's three largest mutual fund groups.

Not only that, Royal Trust is Canada's *largest* manager of no-load mutual funds. No load.

No charge when you purchase. No charge when you sell. No charge to transfer between different funds. That means all your money is working for you from the moment you invest.

And speaking of investing, Royal Trust "no-load" mutual funds are no hassle, either.

Our convenient Pre-Authorized Investment Plan sees to that.

Our funds are generating a lot of interest. Given the conservative investment climate of 1989, Royal Trust income funds are especially attractive.

Whether you choose the Royal Trust Canadian Money Market Fund, Mortgage Fund, Bond Fund or Advantage Income Fund, the emphasis is on generating steady income potential while minimizing risk.

The security you need.

And here's another point of interest. Royal Trust enjoys an A++ credit rating – one of only 12 financial institutions in the world to receive this vote of confidence from the Canadian Bond Rating Service.

Advice, first and foremost. For more information, drop in to any branch of Royal Trust. You can also call our StraightLine™ number 864-6400 in Toronto, 1-800-387-1610 in Ontario and Quebec, and 1-800-668-1990 elsewhere.

And don't forget to ask for your free copy of our 22-page booklet on mutual funds investing.

We'd like to help you get the performance you want, with the security you need, this RRSP season.

ROYAL TRUST
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ROYAL TRUST RRSP MUTUAL FUNDS

come in handy when you don't have enough cash on hand for your yearly contribution However, there may be capital gains tax consequences When transferred to an RRSP Revenue Canada will treat securities as if they were sold at their market value

SPOUSAL PLANS Technically these aren't a separate RRSP product In fact, they can take the form of any of the plans we've just mentioned They're important, however, because they allow a contributor to place part of his or her yearly RRSP allowance in a spouse's RRSP without affecting the spouse's contribution limit The contributor then claims the amount for tax purposes The objective of spousal contributions is to lower taxes at retirement by providing two income streams

Once you've decided what type of RRSP you want it's time to go out and find it It's your responsibility to not only find a product you feel good about but a financial institution you feel comfortable with You can invest in an RRSP at banks trust companies caisses populaires, life insurance companies investment dealers and mutual fund organizations

The selection of products varies from institution to institution, so it's important that you know what you're looking for before you go shopping Rates vary too, so make sure your information is up to date If you have questions seek answers from the staff of the financial institutions you visit Use the information in this supplement to focus on your priorities and ask to speak to someone knowledgeable about RRSPs when you call

If you're concerned about the safety of your investments, make sure your RRSP will be covered by deposit insurance If the bank or trust company you deal with is covered by the Canada Deposit Insurance Corp — a federal organization that protects depositors against losses if a financial institution runs into problems — your RRSP is insured for up to $60 000 in principal and interest This applies to the total amount on deposit with an institution, not to each account So you may want to consider a number of RRSPs at various institutions once you pass the $60 000 limit (You can have as many RRSPs as you wish)

Deposit-taking institutions in Quebec are protected under a similar system operated by the Quebec Insurance Board Deposits in credit unions in most provinces are also protected



WHEN IT'S TIME TO PAY THE PIPER

Like it or not the time will come when you must pay tax on the money in your RRSP The trick is to let as little as possible fall into the taxman's hands, while at the same time providing yourself with a steady stream of retirement income

You must collapse your RRSP by December 31 of the year in which you turn 71, although many Canadians make earlier withdrawals But that doesn't mean you should wait until then to contemplate your options Let's examine them right now

The first option is a lump-sum withdrawal However, unless you need all your money at once, this route is not recommended You'll end up paying a huge tax bill — and you might be tempted to fritter away your sudden wealth

Fortunately, there are two other options that can ease the tax burden and smooth out retirement income These days, the most popular post-retirement choice is the Registered Retirement Income Fund, or RRIF (usually pronounced 'rif') Next in line is the annuity

In essence a RRIF is an RRSP in reverse You can even keep the same types of investments within a RRIF paying tax only when funds are removed The big difference is that instead of contributing new funds to a RRIF, you must make withdrawals

There was a time when the RRIF was the ugly duckling of retirement options That's because until 1986, complicated regulations regarding withdrawals allowed only small payments in the early years and larger ones as age 90 approached Today, it's a different story You can take out as much as you like from a RRIF as long as the amount meets a yearly minimum and all funds are depleted by age 90 (The minimum is the amount left in the plan, divided by the number of years until you turn 90)

An annuity differs significantly from a RRIF When you invest in an annuity, you are exchanging a lump sum for a series of payments — usually of an equal amount each month The payments represent a partial return of your original investment, plus interest, over the remainder of your expected lifespan or a specified term

You can choose a straight-life annuity available from life insurance companies that pays until you die If you live a long life, you beat the odds and the insurance company by collecting payments over a long term, if you die after only a few payments, you lose financially

One way to avoid this possibility is to purchase an annuity with guaranteed term of payments Known as term annuities, these pay for specified periods ranging up to 20 years — regardless of how long you live If you die before the term ends payments go to your beneficiaries A close relative is the term-to-90 annuity, available from trust companies as well as life insurers Under these plans, payments are guaranteed until age 90

Couples might want to consider a joint-and-last-survivor annuity, which pays until the death of both spouses These are also available with guaranteed terms

Like RRIFs, annuities have changed for the better At one time when you purchased an annuity from a life insurance company your funds were committed for life Today insurance companies are allowed to reimburse you for the commuted (remaining) value of your life or term annuity in a lump sum You can then make other retirement arrangements as you see fit

A CLOSING WORD

This special supplement is intended to get you started along the road to this year's RRSP contribution Whether you're a newcomer to the world of RRSPs or a regular contributor, it's important that you keep abreast of the latest developments It's just as important that you keep a close eye on your RRSPs once you make your contributions As times change, your needs may change as well

The RRSP and its associated tax breaks are there for your benefit But if you don't take advantage of them, you risk losing out not only on retirement finances, but peace of mind as well And remember — no excuses

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That's the idea behind the new Royal LePage Commercial Real Estate Fund To combine money and to invest it in prime commercial real estate. Investors benefit from both the rental income and the long term capital gains that commercial real estate usually enjoys.

Royal Trust Advice

Real estate may particularly appeal to investors who are seeking long term appreciation in their capital but dislike the short term volatility in the stock market.

There aren't many investments you can literally keep an eye on. Shares and certificates are mere pieces of valuable paper, but real estate is always there. And it usually becomes more valuable with the passing of time

About the Fund*

Royal LePage, Canada's leading real estate services company, will be the Adviser for the fund. Last year, Royal LePage handled more commercial real estate transactions than any other realtor in Canada. They know the real estate markets coast to coast.

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GLOSSARY

ANNUITY A contract purchased with a fixed sum that entitles the buyer to a series of payments, usually monthly. Life annuities provide payments for the lifetime of the annuitant (the beneficiary) and fixed-term annuities pay until a specified age or for a specified period.

COMPOUNDING INTEREST Interest earned on an initial investment, as well as on interest previously earned. For example: $10,000 invested at 10 per cent will be worth $16,105 after five years if interest is allowed to compound. If interest is not reinvested along with the original amount, the total grows to only $15,000 in five years.

DAILY-INTEREST SAVINGS ACCOUNT An account with a financial institution that pays interest calculated on each day's balance. Traditional accounts pay interest based on the lowest balance of each month.

DEFERRED ANNUITY An annuity providing payments beginning at a future date.

FIXED TERM A stipulated term of a contract. In the case of annuities, fixed terms are generally from the date of purchase to age 90.

GUARANTEED TERM In the case of an annuity, the length of time for which payments are guaranteed. If the annuitant dies before the specified term, payments will be made to a beneficiary until the term ends.

GIC Guaranteed investment certificate. An investment that pays a fixed rate of interest for a specified period of time. GICs are usually issued by trust companies and are similar to term deposits marketed by banks.

JOINT-AND-LAST-SURVIVOR ANNUITY A type of annuity that provides payments until each of two annuitants dies. These are usually purchased by married couples.

MARGINAL TAX RATE The amount of tax imposed on the last dollar of income earned. There are three such tax brackets for Canadians.

MONEY MARKET The financial market for short-term debt instruments such as treasury bills, certificates of deposit and commercial paper.

MUTUAL FUND A fund that pools investors' funds and invests it in stocks, bonds, money-market securities or any of a number of other investment vehicles. Shares are sold and purchased by the fund itself, based on a unit value reflecting the current worth of the fund's holdings. Mutual funds are also known as investment funds.

NON-REDEEMABLE INVESTMENT An investment that must be left on deposit with a financial institution for the term of the contract. Non-redeemable GICs for example, cannot be cashed until a specified date.

RRIF Registered retirement income fund. One of the options available to RRSP holders upon withdrawing retirement funds.

SELF-DIRECTED RRSP An RRSP in which investments are directed by the plan holder. A self-directed RRSP may include stocks, bonds, home mortgages or a number of other types of investments approved by the federal government.

SPOUSAL RRSP CONTRIBUTION A contribution by a taxpayer to an RRSP held by his or her spouse. The amount is considered a portion of the contributor's yearly RRSP limit.

TAX CREDIT An amount by which income tax payable is reduced. A tax deduction, on the other hand, reduces the amount of income on which tax is applicable.

TAX DEFERRAL The postponing of taxes on current income to a later date. The principal reason for postponing tax payments is the hope that income can be taxed at a lower rate in the future.

TERM DEPOSIT Similar to a guaranteed investment certificate, only typically offered by banks instead of trust companies.

UNIT In mutual funds, a unit represents one portion, or share, of the total value of the fund. Investors purchase a number of units and the unit value fluctuates with the worth of the fund.

How much will you need when you retire?

Without a crystal ball, it's difficult to accurately predict what your retirement income needs will be. Use the following table to estimate your expenses, adding in any additional outlays that are not listed here. Enter the amounts in today's dollars and use the inflation factors specified below to see what your needs would be in future dollars if inflation were to average six per cent by the time you retire. And remember, your expense must be met with after-tax retirement funds.

CLOTHING	
FOOD (excluding restaurants)	
HOUSING	
Mortgage or rent (includes property taxes)	
Utilities	
Heat	
Electricity	
Telephone	
Water	
Other	
Maintenance & Repairs	
Furniture & Appliances	
Property Insurance	
Other	
HEALTH CARE	
Medical	
Doctor	
Hospital	
Drugs	
Dental	
Eyeglasses	
Other	
Health & Disability Insurance	
Government	
Private	
RECREATION	
Vacations	
Entertainment	
Dining Out	
Books, Magazines	
Memberships	
Other	
TRANSPORTATION	
Gas	
Car Maintenance	
Car Insurance	
Public Transit, Taxis	
Other	
MISCELLANEOUS	
Life Insurance	
Loans	
Services (housekeeper, etc.)	
Gifts	
Pets	
Personal Expenses	
OTHER	
TOTAL (today's dollars)	
times inflation factor of _____ (see table below)	
ANNUAL EXPENSES IN FUTURE DOLLARS	

8% INFLATION FACTOR

Years to Retirement	Inflation Factor
5	1.338
10	1.791
15	2.397
20	3.207
25	4.292
30	5.744
35	7.686

NOTE If the number of years to retirement falls between two ranges, use an appropriate number between the two for an approximation.

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1 2.5 Litre Electronic Fuel Injected Balance Shaft Engine
2 Tachometer
3 Digital Clock
4 Power Assisted Dual Diagonal Braking System
5 5 Speed Manual Transmission with Overdrive
6 Trip Odometer
7 Variable Intermittent Windshield Wiper/Washers
8 Power Steering
9 Interior Hood Release
10 Side Window Demisters
11 Remote Trunk Release
12 Maintenance Free Battery
13 7 Year/115 000 Km Quality Backed Powertrain Warranty
14 Precision Handling Suspension with Gas Charged Shocks and Position Sensitive Struts
15 Full Floor Console with Covered Bin, Cup and Coin Holder, Cassette and Garage Door Opener Storage
16 Dual Remote Control Outside Mirrors
17 Child Seat Restraint Tether Anchors
18 Protective Bumper Rub Strip Mouldings
19 Full Wheel Covers – Sport and Luxury
20 Colour Keyed Carpeting throughout Passenger Compartment
28 AM/FM Electronically Tuned Stereo Radio
29 Full Light Package including Trunk Glove Box and Ashtray
30 Carpeted Cargo Compartment
31 Engine Block Heater
32 Driver's Side Visor Map Pocket
33 Child Proof Rear Door Locks
34 Ignition Key Reminder Chime
37 Tinted Glass
38 Aerostyle Halogen Headlights
39 Heater/Defroster with Bi Level Ventilation
40 Large Trunk – 408 Litres (14.4 cu. ft.) of Storage Capacity
41 3 Point Rear Seat Shoulder Belts
42 Headlights on Warning Chime
43 Handy Open Cubby Box in instrument panel
44 Counter Balanced Hood
45 Electric Rear Window Defroster
46 Dual Visor Vanity Mirrors
47 Protective Clear Coat Finish
48 Lower Bodyside Urethane Stone Chip Protection
49 7 Year/160 000 Km Body Rust Through Warranty
50 Day/Night Rear View Mirror
51 97 cu. ft. of Interior Passenger Space
52 Reclining Bucket Seats
53 Heavy Duty Alternator
54 60 5 Litre Fuel Tank
55 Austin Chessie Cloth Upholstery – Front and Rear Seats
56 Bodyside Paint Stripes
57 Electronic Ignition Voltage Regulator and Fuel Injection

Clearly the Acclaim performs on every level. Right for point the car is our standing. But, in case you think we haven't delivered on the most important point of all: price, let us close with this thought: $12,900*. See them at your Plymouth Dealer.

CHRYSLER CANADA
Changing the landscape

SOUTH AFRICA

Botha's untimely stroke

His illness creates a leadership crisis

After four decades on South Africa's political stage, President Pieter Botha has become one of the most powerful men in his country's history, building his career on a commitment to secure and maintain power for the Afrikaner minority. He was first elected as a member of parliament in the National Party (NP) government in 1948 after which he and his fellow Afrikaners imposed the system of apartheid to eliminate any political challenge from South Africa's black majority. But since Botha became prime minister in 1978—and later president in 1984—he has responded to continued black unrest with cautious racial reforms, drawing harsh criticism from both right-wing whites and anti-apartheid activists. Early on Jan. 18, at his official Cape Town residence, the embattled Botha, 73, suffered a stroke that threatened to end his political career—and that plunged the South African government into crisis.

Soon after Botha was rushed to hospital, presidential spokesman Jack Viviers reported that the stroke had been "mild." And at week's end, a hospital spokesman said that Botha was recovering, although the official added that muscles in his left arm and leg were partially paralysed. A spokesman said Botha would return home this week and convalesce there for six weeks. On Jan. 19, Botha named Constitutional Development Minister Chris Heunis, 61—a close friend—as acting president. But while the government strove to project an image of business as usual, analysts were already speculating on who would ultimately replace Botha if he could not return to power.

The president's illness comes at a critical time for the Pretoria government. Not only does it face the ongoing black struggle—and the problem of when, or if, to release jailed African National Congress leader Nelson Mandela—but it also confronts soaring inflation and a general election for whites, required by the constitution in the next year. Internationally, Pretoria has to implement the regional peace accord under which it agreed to grant independence to neighboring Namibia after 74 years of South African rule.

Questions about Botha's health have been circulating since he chose not to deliver the traditional new year message to the nation. Just days before the stroke, however, a presidential spokesman insisted, "He is fitter than you or I." Medical experts now say that, even if Botha recovers quickly, it would be extremely dangerous for him to take up the reins of leadership again. "If he wants to live to see his next birthday he should immediately cut all the stress out of his life," said one Cape Town physician. Added political scientist Robert Schrire: "Nobody has had the courage or foolishness to tell him that it is time to move on. Maybe this will persuade him to spend his last years in happy retirement."

While Botha decides what to do, interim power falls to Heunis, the most senior member of the cabinet. A liberal within NP ranks, Heunis helped design the tricameral parliament that in 1984, brought Indian and mixed-race representatives into the legislature in separate chambers from the whites. He has stood in as president during Botha's trips abroad and was once considered the crown prince of the NP. But analysts say that his near-defeat in the May, 1987, white general election was such a serious political blow that it effectively ruined his chances of becoming the nation's full-time president.

The result could be an open power struggle—one which might deepen the split between the NP's reformist and conservative factions. One conservative contender is hawkish Defence Minister Magnus Malan, 68, who was popular with party supporters—and some members of the extreme right wing—at the height of last year's fighting in Angola. But the leading conservative hopeful appears to be Frederik de Klerk, the 52-year-old education minister and party leader from the province of Transvaal. De Klerk has lost some of his constituency in recent years to the hard-line rightist Conservative party. But he is a seasoned campaigner, and his own rightist views—he opposes the abolition of racial segregation—could help him offset NP fears over the Conservative party challenge.

De Klerk's most significant challenge is likely to come from the more moderate Roelof (Pik) Botha, 56, who is no relation to the president. Anti-apartheid activists regard Botha as the NP leader most likely to end apartheid, under which the five million whites control the government and economy while 26 million blacks have no vote in national affairs. He once told journalists that it was not impossible for a black man to one day be president of South Africa. And as foreign minister, his stature improved with the signing of the southern Africa peace accord. While he faces considerable opposition within his own party, the charismatic foreign minister enjoys rank-and-file popularity. With parliament due to open on Feb. 3, there had been speculation that President Botha would announce a general election for late April. That now appears unlikely. But while Botha's resignation would clearly create a leadership crisis within the ruling NP, there is no indication that it would challenge the stability of South Africa's racist regime.

MARY NEMETH *with* **CHRIS ERASMUS** *in Cape Town*



Botha with his wife, Elizabeth, last year: speculation over a successor was rife





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BUSINESS/COVER

TAKEOVER FEVER HITS CANADA

CORPORATE CANADA IS CHANGING UNDER A WAVE OF BILLION-DOLLAR MANOEUVRES

The announcements came on three consecutive days, the size and scope serving to underline new forces at work on the Canadian business scene. Three unrelated transactions in the Canadian beer, airline and oil industries—with a total price tag of $6.7 billion—allowed victors to claim mighty corporations employing 12,800 workers and holding assets of $5.1 billion. First came the Jan. 18 merger of The Molson Cos. Ltd. and Toronto-based Carling O'Keefe Breweries of Canada Ltd., a $1.6-billion marriage struck between the new management of the Montreal brewer and Carling's parent, Elders IXL Ltd., the Australian giant that has given Foster's to the world. Next came the end of a dream—an emotional declaration by onetime Canadian bush pilot Maxwell (Max) Ward that he had sold his company to PWA Corp., owner of Canadian Airlines International Ltd., for $248 million. Finally, on Jan. 20, Exxon, the world's largest oil company—through its Toronto-based Imperial Oil Ltd.—took over fourth-ranked Texaco Canada Ltd. for $4.9 billion.

Largest: The week of acquisitions—Toronto-based Canada Malting Co. also moved to become the largest firm in its industry by spending $125 million to purchase a rival U.S. malt producer—provoked a flurry of controversy. There was outright approval from those who insist that restructuring and takeovers are the only way for smaller Canadian firms to compete in an increasingly open world market. There was unqualified criticism from some labor leaders and consumer advocates about the twin threats of lost jobs and higher prices. In Ottawa, where a federal agency closely monitors the growing trend of corporate concentration in Canada, there was a sharp warning from antitrust authorities that the deals require approval. Marshall (Mickey) Cohen, president and chief executive officer of The Molson Cos. Ltd. since last October, spoke for the business leaders. "We want to increase our exports considerably."

Sad: A sad-faced Ward admitted that to survive now requires massive capital. "It is the end of an era" (page 34).

Job losses in the three industries could reach several thousand. Edward Kunkel, president of Carling O'Keefe, which employs 7,000 workers, predicted that as many as seven of Molson's and Carling's 16 plants across Canada—many of them important employers in smaller communities—could close. In addition to conceding that one-third of Wardair's 4,500 employees could lose their jobs, Ward said that reduced competition will push airfares higher. Some consumer advocates also said that the Imperial-Texaco merger will push up gasoline and home heating fuel costs by as much as two cents a litre, and put many small, independent service stations out of business because of fewer sources of supply. But said Imperial Oil president Arden Haynes, "The consumers' interest will be served."

According to a new survey, the pace of concentration of ownership in Canada is quickening. Last week, Statistics Canada released a report showing that concentration in Canada—its economy already dominated by a small number of elite billionaire families—has increased over the past decade due to takeovers and acquisitions. Calvin Goldman, director of the federal Bureau of Competition Policy, promised a prompt and thorough investigation. "I will not hesitate to take whatever action is required to protect competition in the Canadian marketplace," Goldman declared in a prepared statement. Later, in an interview with *Maclean's*, Goldman made it clear that he was angered because he apparently was not consulted about the airline and brewery takeovers (page 38).

If Goldman proceeds on such a course, the companies will likely argue that they had no alternative. Texaco Canada, which has two refiners, 1,800 gas stations and 3,300 employees, was sold largely because its parent company, Texaco Inc. of White Plains, N.Y., had to settle a $3.6-billion lawsuit with Texas-based Pennzoil Ltd. (page 33). The Molson-Carling merger was based entirely on market forces, according to Cohen. "One of the attractions for us," he said, "was an experienced international brewer and distributor who could carry the Molson brands places a lot faster than we could" (page 36). As for Ward, he said that his company had lost $17.7 million in the first nine months of 1988 and had simply run out of money in its bid to become a regular carrier.

Higher: Although there are approximately 350,000 corporations in Canada, the top 25 firms control 35 per cent of the business assets in the country, up from 30 per cent in 1976. Statistics Canada's findings were supported by William Stanbury, a commerce professor at the University of British Columbia in Vancouver. His research shows that the 100 largest non-fi-

Serving beer in Toronto; Canadian jets (opposite); higher fares ahead?



Business Notes

BANKERS' BACKLASH
At a news conference after the Toronto-Dominion Bank's annual general meeting, chairman Richard Thomson said that Prime Minister Brian Mulroney had made "a deal" with New York-based American Express Co. to secure cabinet approval for its application for a Canadian bank licence in exchange for its support of the Canada-U.S. Free Trade Agreement. Thomson withdrew his remark later the same day, but Finance Minister Michael Wilson agreed to meet this week with a delegation of bankers who expressed concern about a possible invasion of the Canadian banking sector by giant U.S. commercial conglomerates if the application is approved.

FRAUD IN CHICAGO
Following a two-year investigation, Federal Bureau of Investigation officials announced that they have uncovered evidence of a multimillion-dollar fraud on the Chicago Mercantile Exchange. Investigators say they also suspect that relatives of organized-crime figures have worked on the exchange.

PAY EQUITY LOOPHOLE
Ontario's pay equity commission reported that more than half of the 1.7 million women covered by the province's pay equity legislation will not receive any benefits unless the new law is amended. The women work in such jobs as child care and clothing manufacturing, in which there are too few men whose salaries can be compared with theirs.

BILLION-DOLLAR BONANZA
Montreal-based Alcan Aluminium Ltd. reported a 1988 profit of $1.1 billion, the largest annual profit ever earned by a Canadian company.

BETTING ON CINEPLEX
The price of shares in Toronto-based Cineplex Odeon Corp. fluctuated wildly on Jan. 20—rising to $19 at one point before closing at $17.62, up $1 from the previous day. The price swings occurred amid rumors that Cineplex may be a takeover target and that the company's backers—led by the Montreal Bronfman family—are attempting to combat short sellers, who have been speculating against the company's stock in recent months.

ALBERTA SPEAKS TO OPEC
Alberta Energy Minister Neil Webber said that, for the first time, the province will participate in discussions at a meeting of the Organization of Petroleum Exporting Countries in London this week.

EXPANDING MARKET SHARE, AND NEW FORCES AT WORK ON THE SCENE

nancial corporations in Canada controlled about 55 per cent of the country's business assets in 1986, a far higher degree of concentration than he found elsewhere. Japan's top 100 nonfinancial corporations control less than 25 per cent of that country's business assets, while in the United States the corresponding figure is 28 per cent.

Increase: The increase in corporate concentration over the past decade has coincided with a sharp rise in the number of large takeovers. Stanbury noted that, in 1982, there were only two corporate acquisitions in excess of $100 million. The number rose every year until 1987, when there were 47, and last year there were 46 that surpassed $100 million. Since June, major deals have included Nova Corp.'s $1.3-billion takeover of petrochemical rival Polysar Energy and Chemical Corp.; Dofasco Inc.'s $560-million purchase of Algoma Steel Corp. from CP Ltd.; and the $594-million acquisition of Selkirk Communications Ltd. by Maclean Hunter Ltd.—publisher of *Maclean's*—and the subsequent sale of $310 million of Selkirk assets. The largest acquisition in Canadian history was the $5.5-billion purchase last spring of Calgary-based Dome Petroleum Ltd. by Amoco Canada Petroleum Co. Ltd., also of Calgary. The second-largest was last week's Texaco buy. Similarly, the merger of Toronto-based Dome Mines Ltd. with Vancouver-based Placer Developments Ltd. in mid-1987 created the largest gold producer in North America. Said William Krause, assistant director of Statistics Canada's industrial organization and finance division: "There has been an increasing trend in the emergence of large Canadian-controlled conglomerates."

Despite the increase in the number and size of takeovers, many economists and academics contend that Canada's corporate sector must be restructured in order to compete internationally. Alan Rugman, a respected professor of international business at the University of Toronto, said that there are now about 100 companies worldwide with assets exceeding $40 billion each. In Canada, only about 10 firms have assets surpassing $4 billion, including the top three: Ontario Hydro, Hydro-Québec and Bell Canada Enterprises.

Lockstep: The emergence of so many new corporate giants has occurred in lockstep with the so-called globalization of both marketing and production. Judith Maxwell, chairman of the Ottawa-based Economic Council of Canada, a federally funded research organization, said that some multinational corporations now view Europe, Japan and North America as one huge market, which they call the "triad." Manufacturers of products as diverse as toothpaste, shampoo, televisions and beer can serve all three geographical areas, said Maxwell.

One of the major factors behind the corporate growth and globalization of the past decade has been government deregulation of business. William Mackness, a former chief economist with the Bank of Nova Scotia who now teaches at the University of Manitoba, said that most governments in the Western industrialized countries have moved away from regulating important sectors of their economies—allowing them to operate more freely and openly than they have in the past. The result is much more intense competition and increased efficiency. Even though this new economic environment has spawned the mega-corporations, he argues, consumers have benefited from price stability and lower inflation, because the firms can operate far more efficiently and spend less battling for market share by swallowing industries that compete in the same sector. But, in the process such respected and formerly profitable firms as Wardair have collapsed.



LORRAINE BROWN

Filling up at a Texaco station: fewer private stations and less competition

Still, many observers questioned whether consumers would benefit in the long run, as corporate power in Canada becomes even more concentrated. Once competition is removed, there will be less of a constraint on the remaining firms to raise prices. The Molson-Carling partnership, which will be known as Molson Breweries, will control 53 per cent of the domestic beer market based on current sales of such popular brands as Molson Canadian, Export and Golden, as well as Carling's O'Keefe Ale, Old Vienna and Black Label. By comparison, London, Ont.-based John Labatt Ltd., until last week Canada's largest beer-maker, has been bumped to second spot with a market share of 43 per cent.

While Air Canada will remain the country's largest commercial air carrier, Calgary-based Canadian Airlines International immediately jumps to a close second by absorbing Wardair. Air Canada employs 22,000 people, operates a fleet of 109 aircraft and controls about 52 per cent of the domestic scheduled market. The combination of Canadian Airlines and Wardair will create a company with a workforce of 18,500, a fleet of 99 aircraft and 48 per cent of the market.

Merging: By acquiring Texaco Canada, Imperial reaffirms its long-held status as the country's largest oil company. Its assets are currently valued at $9.5 billion, while Texaco's assets are worth $3.9 billion. Merging the two creates a company with $13.4 billion in assets and, as a result, Calgary-based Petro-Canada falls to a distant second with assets of $8.4 billion. But in a prepared statement announcing the takeover, Imperial disclosed that it has held discussions with Investment Canada—the foreign takeover watchdog—and the federal Bureau of Competition Policy. If necessary, said Imperial in a news release, it would sell off service stations and bulk terminals to ease worries about corporate concentration.

Imperial operates a network of 3,100 service stations across the country under the trade name Esso, while Texaco owns 1,800 stations. A Texaco official said that Imperial may sell as many as 1,000 Texaco outlets, located in British Columbia, the Prairies and Atlantic Canada, but will likely keep the Ontario and Quebec stations. The official also said that reports have circulated within Texaco that Imperial has already lined up prospective buyers. Calgary-based Chevron Canada Resources Ltd. will take the B.C. stations, while Calgary-based Husky Oil Ltd. will buy the Prairie outlets. Prospective buyers of the Atlantic stations include Toronto-based Ultramar Canada Inc. and Irving Oil Ltd. of Saint John, N.B.

Although Imperial is committed to selling some of the Texaco assets, it has promised to keep all Texaco employees on its payroll for at least two years. But some outside observers contend that the guarantee will merely cover a transition period and that once the two companies are merged, layoffs will be inevitable. Denis Mote, oil and gas analyst with the Toronto-based brokerage firm Maison Placements Inc., said: "You don't need two presidents, two marketing managers and two head offices. There will be some fallout."

Dramatic: The most dramatic effect of the Molson-Carling merger will likely be the closure of several small breweries across Canada. Under existing provincial regulations, beer-makers must operate a brewery in a province if they want to sell there. As a result, Molson currently operates nine breweries in seven provinces, while Carling has seven plants in as many provinces.

While the Molson and Carling breweries will merge into one corporate entity, Wardair may survive as a separate division of Canadian Airlines catering to the holiday charter market. Ward will remain chairman of Wardair, and George Curley will continue as president.

Wardair's losses in the first nine months of 1988 were $17.7 million, compared with $15.9 million for all of 1987. Ward said that the continuing losses, combined with intense price competition and the high cost of new aircraft, finally convinced him that he could no longer operate independently. Said Ward: "Quite frankly, we just didn't have enough money to hold out for the additional year to a year and a half it would take to turn Wardair into a regularly scheduled carrier."

Canadian Airlines, through its parent company, Calgary-based PWA Corp. Ltd., is buying all the outstanding Wardair shares at $17.25 each for a total of $248 million. Ward, who founded the company 35 years ago as a bush operation serving remote northern communities, will receive more than $70 million from the sale. The Imperial acquisition of Texaco is an equally straightforward cash offer to buy all the outstanding common shares at $41.23 apiece. Texaco Inc. owns 78 per cent of the stock in Texaco Canada.

The Molson-Carling merger was a different deal. The Molson Cos. and Carling O'Keefe Ltd. each will own half of the new Molson Breweries. But Molson's brewing assets are valued at $1 billion compared with Carling's $560 million. To equalize the investments, The Molson Cos. will be able to withdraw $440 million in cash from the brewing company.

Major: Although Canada is now a country with just two major breweries, Elders chairman John Elliott insisted that similar consolidations in Australia, the United States and some European companies had produced more intense competition among the larger, stronger survivors. Similarly, Ward said that Canadians will be better served by two strong national airlines, although prices will likely increase with one less company competing for passengers—especially because Wardair was one of the industry leaders in discount fares. As for the Imperial-Texaco merger, some analysts say reducing concentration will lead to higher gasoline and fuel-oil prices. While questions about the impact of the mergers will linger, perhaps for months, Canadians can be certain that they have witnessed a dramatic restructuring of three major industries, as Canadian business moves farther onto the world stage.

D'ARCY JENISH *with JOHN DALY in Toronto and BRUCE WALLACE in Ottawa*



BRIAN ATER MACLEAN'S

Elliot and Cohen: joining forces to crack open the U.S. market

TEXACO CANADA SAYS GOODBYE

The exit of American oil giant Texaco Inc. from Canada will not be as stormy as its arrival. In 1936, officials from Texas Corp.—Texaco's predecessor—appeared at the annual meeting of McColl-Frontenac Co., a Montreal-based petroleum refiner and marketer, announced that they had been secretly buying shares in the company—and overthrew the company's board of directors. McColl-Frontenac eventually became Texaco Canada. And, in 1978, it merged with a wholly owned Texaco subsidiary, Texaco Exploration Canada Ltd., to form Texaco Canada Inc.

The Montreal coup four decades earlier turned out to be extremely profitable for the Americans. In fact, analysts have long said that Texaco Canada was more concerned with sending profits back to its New York City parent than in reinvesting to replenish its dwindling Canadian oil-reserve base. But Texaco Canada still owns some of Alberta's largest oil- and gas fields, including the Elmworth gas field and the West Pembina oilfield, which have helped make the company Canada's fourth-largest oil producer and 14th-largest natural gas producer.

Texaco Inc.'s announcement last week that it had sold its profit-generating subsidiary to Imperial Oil for $4.9 billion—including its lucrative western oil- and gas fields—was just the latest move in Texaco's struggle to stay solvent after losing a landmark legal dispute stemming from its 1984 takeover of Getty Oil Co. in Los Angeles. Texaco was only able to escape from bankruptcy in 1988 by agreeing to pay $3.6 billion in compensation to Texas-based Pennzoil Co. for interfering in Pennzoil's 1985 takeover of Getty Oil. But, last January, Texaco suffered another blow when the U.S. government announced that it was seeking $7.8 billion in back taxes from Texaco. And then, just last June, Texaco had to pledge a special $2-billion dividend to shareholders to repel U.S. corporate raider Carl Icahn's bid to take over the enfeebled company.

Even in the face of such huge financial problems, Texaco Inc. tried to hold on to its lucrative Canadian operation, the fourth-ranked oil company in Canada. But, in the end, it had to yield and put Texaco Canada on the block. The sale announcement immediately touched off a flurry of activity among major energy companies around the world. At one point, there were reports that a dozen different companies were interested in making an offer for the company. But, in the final stages, the only bidders still in the game were Imperial Oil, the Netherlands-based Royal Dutch-Shell Group and flamboyant Australian tycoon Alan Bond, who had earlier made unsuccessful attempts to acquire Calgary-based Sulpetro Ltd. and Oakwood Petroleums Ltd. And now, with its sale to Imperial Oil—already Canada's biggest oil company—Texaco Canada has again found itself in the centre of a stormy national debate.

JOHN DeMONT

THE END OF WARD'S DREAM

COSTS AND COMPETITION CLOSE AN ERA

Pale January sunlight filtered into the executive office at Wardair's headquarters near Toronto's Pearson International Airport last week, highlighting the thick silver hair and still-youthful features of chairman Maxwell (Max) Ward, 67. Ward, whose manner is a graceful combination of boyish energy and polite formality, betrayed little emotion over the announcement the day before of the sale of the airline he built from scratch beginning in 1953. The buyer was one of Wardair's toughest competitors, Calgary-based PWA Corp., which owns Canadian Airlines International Ltd. The sale, he calmly explained, was necessary because Wardair was not earning enough money to finance his ambitious expansion plan during a time of intense competition from both Canadian Airlines and Montreal-based Air Canada. Ward told *Maclean's*: "I've had knots in my stomach for a long time because I could see it building up. We gave it the almighty college try but we weren't getting the figures."

Although relatively small in comparison with Canada's two other major airlines, Wardair has gained an international reputation for the high quality of its service. Discount fares that averaged 15 per cent less than the competition's initially drew customers, but Canadians who travelled on Wardair also appreciated roomy seats, fine wines and well-prepared meals served on Royal Doulton china.

Intense: Wardair did not emerge as a serious competitor until the airline—traditionally confined to overseas charters—launched a regularly scheduled domestic service in 1986. Dramatic fare wars, which Wardair initiated, followed, and by last fall the competition had become so intense that PWA president Rhys Eyton stated that PWA would continue to undercut Wardair until the smaller firm called a truce. Ward's success—much of it credited to his single-minded determination and relentlessly high standards—gained the former bush pilot wide admiration. And for many Canadians, he epitomized the self-made man. Said Frederick Larkin, analyst at Alfred Bunting & Co. Ltd. in Toronto: "There is a strong feeling of sadness about the sale. Ward is classy, meticulous and expert. He is a folk hero."

Ward's career does charm the imagination. Born and raised in Edmonton, he joined the Royal Canadian Air Force at 19 and, after the Second World War, became a bush pilot in the Northwest Territories. In 1946, he established his first one-plane "airline" in Yellowknife with a fabric- and wood-covered de Havilland Fox Moth, which he used to fly passengers and supplies throughout the North. He has lived through more than one close call with death—even surviving alone in the Arctic for five days after he ran out of fuel and had to make a forced landing. Then, in 1947, after he was caught loading passengers and gear aboard a small plane without a charter licence, he abandoned the charter business. But he returned in 1952, christening his company—consisting of one single-engine Twin Otter—Wardair Ltd.

The climb to Canada's third-largest airline



Ward: regrets about the $248-million sale to competitor PWA Corp.



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was rarely smooth. Ward recalled that when Wardair launched international passenger charters in 1962 "we did eight flights and we absolutely got slaughtered." But a promotion that offered charter fares to former "war brides"—women who had married Canadian soldiers in Europe during the Second World War—paid off and saved the company from bankruptcy. By the mid-1970s, Wardair had grown to become the country's largest international charter carrier. The company suffered badly during the economic recession that hit in 1981. But five years later, after the Mulroney government deregulated the airline industry, Wardair had a chance to become a full-schedule carrier—something that Ward said he had been awaiting for 30 years. But, sadly, Ward said that deregulation came 10 years too late to save his airline. "I was robbed," he said.

Bitter: At times, Ward has become embroiled in acrimonious fights with unions representing Wardair employees. The company fought hard to develop a two-tiered wage system, paying experienced employees on a separate, higher scale than newer employees. Wardair's strict personal-grooming regulations have also been the subject of debate. A bitter controversy arose when Ward forbade a male flight attendant to wear an earring on duty because of Ward's concern that passengers would worry about contracting AIDS. But Larkin said that the "corporate culture" at Wardair is generally considered to be a very proud one. And rightly so."

In addition to labor unions, Ward battled government regulators. He decried the interventionist stance that previous federal Liberal governments have sometimes taken in the transportation field, and he supports a greater role for business in the airline industry—including the privatization of airports. Said Ward: "Any business that is capable of buying, flying and maintaining a billion-dollar fleet of airliners is better equipped than the government to move people on and off of them." Added Ward: "I would never say that government is efficient, and I have outlasted a lot of transport ministers."

Even though Ward clearly regrets having his airline swallowed by a competitor, he maintains that the Canadian airline industry must concentrate on developing huge airlines that are large enough to compete with major international carriers, including American Airlines Inc. and British Airways—even if that means smaller airlines will not survive. He said that making a profit on international routes is the key to future competitiveness. Said Ward: "Domestic airlines are only feeders for the offshore." As a result, he said that his decision to sell out, which will divide the Canadian market between Canadian and Air Canada, is positive for the industry. "Canada absolutely has a problem in sustaining big enough airlines," said Ward. And with a new 747 jumbo jet costing $125 million today, there is only room for the largest, he says. Added Ward: "Of course I would have liked to have been the top airline."

That pragmatism has been the hallmark of his career. He is unsentimental about his frontier beginnings and said that the only reason he succeeded was because he joined the industry in its infancy. And he added, it would be impossible to duplicate Wardair from scratch. "It is a different time. It's not sad—it's just the world." Still, some analysts question why Wardair, which had built up a reputation for such excellent service—at a high cost to the airline—gambled on expansion in the first place. They argue that Wardair could have survived as a small but successful airline.

Losses: But Ward insists that he had no choice but to expand. "They said we were successful [as charter specialists] but we weren't successful—there's no money in it," said Ward. Wardair only made money as a charter company, he said, by selling its used aircraft at a profit. The decision to expand, he added, was an effort to join the future, which belongs to the "mega-carriers." He explained: "Balance sheets rule all in the world of business. I'm not in a tough spot immediately, but I could see the writing on the wall." The numbers speak for themselves. In the nine months ended Sept. 30, 1988, Wardair lost $17.7 million on its operations, and analysts were predicting continued operating losses for 1989 and perhaps 1990. Meanwhile, Wardair's competitors were well financed and could easily match Wardair's deep discounts. Said Larkin: "In this business, it's survival of the fittest. They just pound on the little guy until he can't take it anymore."

PWA's Eyton and Ward both say that Wardair will continue to be a separate airline with Ward as chairman. But Ward has also acknowledged that, for the first time in decades, he will have a boss—the new owners now control his future at Wardair. Still, he earned more than enough from the sale to finance a luxurious retirement. The $248-million deal earned more than $70 million for Ward and his family. Ward and his wife, Marjorie, have two sons and two daughters. Son Kim is the head of marketing for Wardair and, until last week, was the heir apparent to the chairmanship of the company.

Pioneer: When he is not working for Wardair's new owners, the aviation pioneer will continue to fly his own Twin Otter floatplane to his private fishing camp on Redrock Lake, 300 km north of Yellowknife. And if there is still a place in Canadian aviation for gamblers who are willing to take a chance on a new idea, Ward says that he knows where they should begin. "A good place to start would be to design a new bush plane." (Production of the obsolete Twin Otter ceased late last year.) "I'd love to build a bush airplane," said Ward. But, for now, Ward said that he will likely just spend more time at his camp. He frequently takes friends and foreign visitors to Redrock. Said Ward: "I have great enjoyment showing them the Canadian Arctic, the crystal country, the grizzly bears, the caribou—all those good things." Staying in touch with where it all began is clearly important to the man who built—and who has now lost—the airline that claimed an important place in Canada's aviation history.

PATRICIA CHISHOLM



CHRIS HERSHKOVICH

Business class on Wardair: an international reputation for quality service

IN SEARCH OF A BIGGER GULP

A NEW BREWING GIANT LOOKS SOUTH

In the tight little island of Canada's beer producers, John Labatt Ltd. has long enjoyed a position of lofty pre-eminence. With a commanding 43 per cent of the $2.5-billion-a-year market, the company was accustomed to determining the way the industry operates. It was Labatt, based in London, Ont., that played a key role in winning beer's exemption from the Canada-U.S. Free Trade Agreement. And it has been Labatt that has most heatedly opposed the campaign by The Molson Cos. Ltd. and Carling O'Keefe Breweries of Canada Ltd. to eliminate the interprovincial trade barriers that have irritated Canada's partners in the General Agreement on Tariffs and Trade (GATT). So industry analysts were understandably surprised last week when they discovered that Labatt had lost its dominant position in the industry because of the merger of Montreal-based Molson and Toronto-based Carling—in large part as a result of pressures generated by free trade, GATT and the apparent need to rationalize the old rules of conduct.

Protests: When John Elliott, chairman and chief executive officer of Carling's Australian parent company, Elders IXL Ltd., announced the merger of its Canadian subsidiary with Molson on Jan. 18, he called the Canadian brewing industry "one of the most inefficient in the world." Few experts could quarrel with that opinion. Government-imposed regulations force domestic beer companies to operate plants in every province where they sell beer and, as a result, have created an inefficient industry. Because of that—and a flat beer market—experts say that the industry has long been in need of reorganization. The protests already lodged by some of Canada's trading partners, as well as the new competitive climate under free trade, seem to have set the stage for the merger of the two breweries that could eventually face tariff-free competition in the 1990s. Said Marshall Cohen, who became president of Molson Cos. Ltd. only last fall: "This merger assures Canadian beer a place in the highly competitive North American and world marketplaces."

It is a development that might not have occurred if the Canadian industry had been left to its own devices. For years, the country's top three producers—Labatt, Molson and Carling O'Keefe—have sold 96 per cent of the beer in the country. They have waged fierce battles, flooding the market with more than 75 different brands and spending more on advertising and promotion than any other sector of the economy except the auto industry. But those efforts have caused only minuscule changes in market share. Until last week's merger, neither Molson, with 33 per cent, nor Carling, with 20 per cent, could manage to pull close to league-leading Labatt.



GREG HO MAN

Molson and Carling beer: flat domestic sales despite millions spent on advertising

Assault: There seemed no solution to the breweries' common problem until Elders decided to launch an assault on the lucrative American market. The Australian company, producer of the Foster's Lager that has helped to make it the seventh-largest brewer in the world, has made no attempt to disguise its ultimate target since the day in 1987 when it purchased Canada's third-place brewery, Carling O'Keefe. Cohen underscored that point when he stressed that the newly merged concern was intended to be a "Canadian-based North American partnership." To that end, the aim is to increase shipments south of the border to 40 million cases of beer in two years from the current 15 million, worth around $150 million. But some Canadian breweries will still have to close, and that could be painful because, in many cases, they are important employers in smaller Canadian cities.

There is also a longer-term goal. Although Canada's negotiators at Geneva-based GATT managed last year to protect the beer industry from international competition that is now hitting Canadian wine producers, industry analysts say that existing interprovincial trade barriers against beer are doomed. And what the merger does is leave Molson and Labatt, the surviving major participants, stronger in anticipation of the inevitable day when those barriers disappear. Indeed, some union spokesmen say that despite the threat posed by the merger, it may be the best way to save brewery jobs over time.

Penetrate: Much the same applies as far as free trade is concerned. Even though the industry, thanks largely to the political influence of Labatt, managed to get exempted from the Canada-U.S. pact, industry spokesmen acknowledge that, sooner or later, the breweries are going to have to face direct competition from U.S. breweries, which now have to negotiate licensing agreements with Canadian partners. That will occur particularly if Molson, the new Canadian king, carries through with plans to penetrate the U.S. market. Already, there have been expressions of U.S. apprehension and discontent. G. Heileman Brewing Co. Inc. of Wisconsin, for one, has been trying to marshal support among its competitors to file a complaint with the U.S. trade representative. That support will clearly be easier to amass if Canadian beer manages to become a more significant gulp in the American way of life.

BARRY CAME

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A WARNING FROM OTTAWA

REGULATING THE MERGER WAVE

The man with enough power to block or amend the recent wave of corporate takeovers in Canada learned of last week's reshuffling via transatlantic phone calls. Calvin Goldman, the director of Ottawa's Bureau of Competition Policy, was in Paris, where antitrust bureaucrats from 24 countries were discussing the worldwide trend toward mergers and acquisitions. 'What we are seeing in Canada is part of a global trend where businesses are trying to handle increased international competition,' Goldman told *Maclean's* last week after returning to his Ottawa office to face Imperial Oil's $4.9-billion purchase of Texaco Canada Inc. "Or at least companies are using that as an argument to try to justify proceeding with a merger."

Armed with the tougher powers granted him by the 1986 Competition Act—it allows the bureau to set conditions, or even to disallow takeovers and mergers—Goldman has struggled to strike a balance between deals that allow companies to compete internationally and the need to maintain competition in Canada. But clearly, last week's staggering deal-making unsettled the 38-year-old director. The sale of Texaco Canada Inc. to Imperial Oil Ltd. was no surprise. For the past five weeks, the 250-member Ottawa bureau had been working with Texaco—aware of the national interest in the sale and using the act's power to examine the anticompetitive implications of a deal before it became public. Another concern was the anticipated reaction of consumer groups.

Loath: But the new corporate giants created in the acquisition of Wardair Inc. by Canadian Airlines International Ltd. and the merger of The Molson Cos. Ltd. and Carling O'Keefe Breweries of Canada Ltd. appeared to catch the bureau off guard. And, with Parliament in recess and the government loath to become embroiled in the business upheaval, it was left to Goldman to address concerns of Canadian workers and consumers that essential competition would be maintained.

As the first director of the new bureau, Goldman has used his powers to try to impose discipline in a Canadian corporate community where there have been 135 major acquisitions, costing more than $54 billion, in the past three years. Canada's previous Combines Investigation Act had been widely criticized as impotent largely because as a criminal statute it confronted investigators with the daunting challenge of establishing in court that a particular deal would harm competition. In its 70-year history, there was never a conviction under the act. But the new law, which came into effect in June, 1986, sets up a new authority to determine whether a takeover is in the public interest. The act gives Goldman the power to investigate a takeover and make recommendations to the firms involved. If, for example, he determines that a case creates a situation of unfair competition, he can ask the firms to amend the terms of the agreement. But if the parties cannot agree, he can send the issue to the act's Competition Tribunal—which can make a final and binding ruling.



JOHN MAHLER

Goldman: a full review and no pushover

Forced: Since the majority Conservative government brought the law onto the books, the bureau has forced seven of the more than 300 mergers or takeovers it has reviewed to be abandoned. And it fine-tuned nine others to satisfy concerns about a potential lack of competition. But Goldman concedes that the sheer size of the companies involved in last week's activity—the combined cost was $6.7 billion, and Texaco, Carling O'Keefe and Wardair have a total of 12,800 employees—may be a test of his bureau's willingness to wield its power. "In neither the Wardair acquisition nor the Molson merger has there been any formal or informal clearance given by my office whatsoever," said Goldman. "And there will be a full review process. I am not a pushover." The act still gives the bureau 21 days to examine large deals before they can be completed—and the bureau can order a reversal even after the deadline has passed.

With the recent takeover wave occurring so soon after the signing of the Canada-U.S. Free Trade Agreement, both federal opposition parties vowed to try to link the two developments. Said Liberal House Leader Herb Gray: "One has to wonder about the timing of the announcements. Is it a coincidence that we are seeing this rush to merge now? And were these deals held back to await the end of the election?" Added New Democratic Party consumer affairs critic John Rodriguez: "With free trade, more and more we can expect to hear the argument that companies need to merge in order to survive." And both parties said that parliamentary committees should be empowered to examine the issue of corporate concentration.

Cut: Still, even Rodriguez admitted that the emergence of larger corporations is inevitable in a worldwide economy that increasingly disregards national barriers. "We obviously have to develop big companies while at the same time protecting workers and consumers," he said. "But the balance should not be left up to the competition bureau to cut a deal with the wheeler-dealers." In fact, many business leaders said that last week's activity was a clear challenge to Goldman's authority. Said one Toronto executive who has battled the bureau in a past takeover application: "There is a belief that if the buyer and seller are aggressive and go public first, then Goldman will not be able to undo a done deal."

For his part, Goldman is demanding an increase in the bureau's $17.9-million 1988 operating budget in order to hire top legal and industry experts for advice. He told *Maclean's*, "I need to have as good horses on this side of the street as they have on theirs, so I can tell if they are giving us a song or if they are telling us the truth." Brian Mulroney's answer to that appeal for funds will be one indication of how the Tory government interprets the latest spate of corporate marriages.

BRUCE WALLACE *in Ottawa*

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Mulholland, Barrett (below): massive loans and a steady exodus of top talent

Stepping aside

A combative banker hands over the reins

Bank of Montreal chairman and chief executive officer William Mulholland, 62, is the sergeant major of Canadian banking. The product of a tough U.S. army boot camp who saw combat in the Philippines during the Second World War and 20 years of boardroom infighting, the Albany, N.Y.-born Mulholland has dealt with his subordinates at Canada's third-largest bank as if they were on a parade ground. He has become legendary for public humiliations of even the most senior executives, and many critics blame him for the steady exodus of top talent from the Bank of Montreal since he became president in 1975. For more than two years, he unsettled senior bank officers by failing to point to a successor, a traditional practice in the Canadian banking industry. But finally, last week, "King Bill," as he is known inside the bank, ended the suspense. He announced at the bank's annual meeting that he was stepping down and that Irish-born Matthew William Barrett, 44, the bank's well-liked president, will take over as chief executive officer on July 1.

Many observers said that they hope Barrett's tenure will usher in a new era of collegiality—a goal that Mulholland has endorsed. Banking analysts credit Mulholland with updating the bank's internal organization and improving its efficiency after he joined as president in 1975. They also praised his foresight in acquiring Chicago-based Harris Bankcorp Inc. in 1984 and taking the bank into the lucrative American market.

But since the early 1980s, the Bank of Montreal has lagged behind most of its competitors in profitability—the Toronto Dominion Bank, which is the most profitable bank in Canada, had a profit of $673 million in 1988, compared to the Bank of Montreal's $533 million. The Bank of Montreal is also owed $5.2 billion by Latin and South American countries—more than any other major bank in Canada.

Barrett, an expert in retail banking, is expected to employ a less combative management style and to rebuild the ranks of senior management. That rebuilding will be crucial to the bank's future performance. Indeed Barrett seems to be everything that Mulholland is not. He is a career banker who joined the Bank of Montreal's London branch at the age of 18 in 1962. He became president in November, 1987. His expertise lies in personal banking rather than banking for large corporate and government clients.



Mulholland, on the other hand, was an investment banker for 17 years and president and chief executive officer of Brinco Ltd., the developer of the massive Churchill Falls hydroelectric project in Labrador, for almost five years before becoming the president of the Bank of Montreal in 1975. Despite the criticism he generated, Mulholland enjoys a reputation of having a sharp intellect and considerable determination in carrying out the wrenching reorganizations that have modernized the bank during his reign.

Despite those triumphs, Mulholland's final legacy to the bank is in doubt. In addition to his failure to build an experienced management team, investors have blamed Mulholland for leading the bank into lending decisions that have seriously impaired its profitability. In the late 1970s and early 1980s, the Bank of Montreal was more aggressive than most of its competitors in extending huge loans to Third World countries including Mexico, Brazil, Venezuela and Argentina. They and many other Third World countries have debt-servicing difficulties and will continue to have them—some have suspended or fallen behind on interest payments to North American lenders.

Analysts say such ventures during the latter half of Mulholland's tenure have left the bank with heavy costs that reduce profit levels. Bank analyst Terence Shaunessy of Toronto-based Merrill Lynch Canada Inc. says that Mulholland was successful at transforming the bank from "a joke in 1975 to a real competitor." But since 1981, the bank's lending policies have come to haunt it, he said. Added Shaunessy: "The stability and culture of the bank are also important and he has ground through a lot of people. He can't be proud of that."

Mulholland, who is now out of the country, said at last week's meeting that after he retires as chairman in 1990, he plans to spend more time with his family and on his horse farm west of Toronto. He is an enthusiastic breeder of show-jumping and dressage horses and, indeed, the Bank of Montreal sponsors the respected Nations Cup, an international show-jumping competition that takes place in four North American cities. Mulholland said that he may even take out Canadian citizenship. His American citizenship was the subject of heated controversy when he first joined the bank. "I guess it's about time to do it, now that nobody will think I'm doing it for a job," he said last week. He added that he hopes the transition of power at the Bank of Montreal will be a "nonevent." But, then, on experienced management and carrying loan problems that are greater than those of its competitors, the Bank of Montreal faces a potentially long and painful period of readjustment.

PATRICIA CHISHOLM



An audacious gambler bucks the trends

BY PETER C. NEWMAN

Bay Street's most audacious gambler is a bespectacled former Cold War code-breaker and PhD in the theory of money markets from the London School of Economics who is having the time of his life bucking prevailing stock market trends. While most investment houses have been madly cutting staff and expenses, Peter Campbell has been expanding Toronto's Midland Doherty Ltd. into Canada's largest brokerage firm.

Although the company he heads is still in the glue ("Financially, we're running a bit underwater"), during 1988 Campbell expanded Midland Doherty's operations to 80 locations across the country, adding 25 per cent in new personnel. Midland Doherty now has 1,870 employees and is about to absorb a small (78 salesmen) Montreal brokerage house (Saumer Morrisson & Associates) as well as applying to establish its own trust company. The main reason for Midland Doherty's expansive thrust is Campbell's conviction, shared by his senior partners, Philip Holtby and David Weldon, that their firm must fight against the rush of Bay Street's other major investment houses to become subsidiaries of the major banks—and provide the public with independently minded advice and service.

"We want to remain brokerage entrepreneurs," Campbell told me. "It's essential to be independent. A broker's job is to bring the most attractive investment opportunities to the attention of his clients, regardless of their source." Added Campbell: "In the case of the banks, there will always be the suspicion that they'll be trying to bail out a bad loan or failed underwriting they have by imposing such issues on their customers. If there had been bank-owned dealers a few years ago, for example, every one of their retail clients would have been stuck with a piece of Dome Petroleum—not to mention Brazil. We have no axes to grind. That's why we're taking advantage of the recession in the industry to accelerate what has always been our mission: to become the most broadly based and most efficient investment operation in the country."

While most investment houses have been cutting staff, Peter Campbell has been expanding Canada's largest brokerage firm

During 1987, Midland Doherty recorded 1.2 million trades on Canadian securities markets, reflecting the significant broadening of its retail client base. The company's expansion has been based mainly on Campbell's determination to absorb the sales staffs of Bay Street's fallen idols, including Osler Inc. and Davidson Partners Ltd. Some 150 of Osler's best people were invited to join Midland after the company's sudden bankruptcy a year ago, and 117 accepted the offers, bringing with them 18,000 accounts.

As well, they brought with them a valuable tax-loss position (estimated to be worth up to $70 million), which will allow Davidson Partners' losses to be applied against Midland's revenues. By completing the deal literally minutes before Osler was taken over by receivers on Jan. 8, 1987, Campbell was able to nab the bankrupt firm's best producers and, at the same time, safeguard clients' assets. Six months later, he took a successful run at Davidson Partners, adding another 200 sales people after the merger.

While multiplying its marketing muscle, Midland Doherty has been reducing some operating costs by stabilizing backroom personnel—and by cutting Campbell's salary, which was reduced by 25 per cent. But the really significant expenditure-cutting emphasis has been on internal restructuring. "We've more or less eliminated the idea of having a head office," Campbell told me. "All we do is help our entrepreneurial brokers do a better job with their clients so that they run things while we're just a sort of service centre. The really important operating decisions are made in the field." And in an appropriate burst of showbiz imagery, he added: "I'm like Ben Hur. We've got all those fine entrepreneurial stallions out there charging forward, and I'm wrestling with the chariot—hoping it doesn't tip over."

To provide internal motivation, Campbell has designated some two dozen of his best brokers as "Wellington Partners." (That refers to the cadre of elite shock troops who were decisive in helping the Duke of Wellington win the Battle of Waterloo.) "They are those of our people who have broken the sound barrier in terms of their performance levels," Campbell said. "They tend to be lone wolves who are, in effect, senior executives of our company, though they don't receive any perks other than the commissions they earn."

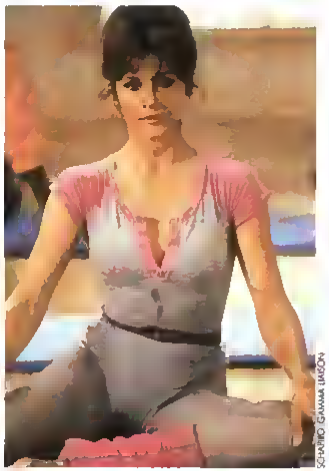
Midland has also fielded a platoon of 30 professionals who act as business development agents focusing on the financial requirements of small and medium-sized companies by handling private stock placements as well as floating publicly traded issues. Currently, Midland Doherty has about $4.2 billion under administration, most of it investment funds temporarily parked in bonds and treasury bills, waiting for the stock market to show some sustained growth. "This industry has been in recession since 1987, with business volumes down 40 to 60 per cent," said Campbell. "But it's different from a bear market because stock prices have been on a relatively upward trend." Campbell went on: "What Oct. 19 really did was clear the air and bring realism back into share valuations so that there are a lot of undervalued companies out there now. That's a fact. Yet, if you believed the media, you'd think the only thing holding the stock market together was static cling."

Part of Campbell's optimism is based on the strength of his firm's financial backers, as well as the 33.5 per cent owned by conglomerate Unicorp Canada Corp. A year ago, Midland Doherty raised money for a real estate operation by selling a future 20 per cent of its equity to block-trade specialists Gordon Capital Corp. "In our business," said Campbell, "being right 55 or 60 per cent of the time is thought to be superior. Only Moses and Jesus Christ do better when they play golf together. But the flip side of those batting averages is that you're wrong 40 to 45 per cent of the time. That means that each day when you get up and look at yourself in the mirror your other face stares back and says 'Hi there! Guess who's going to be wrong in almost half of what he does today?'

"Most of us in the investment business are like cats," Campbell concluded. "You can't tell by the sounds we make whether we're having a fight or making love."

In slow motion

At 51, **Jane Fonda** says that she is starting to slow down—at least by her standards. The actress's latest 65-minute exercise video, *Jane Fonda's Complete Workout*, is less strenuous than the gruelling aerobics she practised in her first best-selling work-out tape. "I'm not as macho as before," said Fonda, who, in between leg lifts, is



SONNINO/GAMMA LIAISON

Fonda: 'not as macho as before'

producing and starring in the drama *Old Gringo* with **Gregory Peck**, scheduled for a fall release. Also due this year is *Letters*, a love story costarring **Robert DeNiro**, which fell behind schedule in Toronto after Fonda broke her nose while bicycling to keep in shape. Although she plans another aerobics video, Fonda said that she is trying to be less obsessive about fitness. She added, "I'm striving hard to control compulsive tendencies."



ROBERT CIANFLONE

Legend-in-waiting

The bad boys of popular music, The Rolling Stones, only got a little satisfaction last week when they were inducted into the Rock and Roll Hall of Fame. The honor is merely a formality, for now. The permanent $58-million museum of rock greats, to be erected in Cleveland, is still in the planning stages. Said **Mick Jagger**, the 45-year-old lead singer of the group, which last recorded an album in 1986: "I hope they will get down to building this phantom temple."

Jagger: still in the planning stages

BLAMING THE BOSS

Employees who are regularly besieged with colds and the flu may have their bosses to blame, writes Dr. Peter Hanson in his latest book, *Stress for Success*, to be released next month. In the sequel to his 1985 best-seller, *The Joy of Stress*, the Vancouver-born Hanson says that the strain of working for a "terminal jackass" can weaken an employee's immune system. As one antidote, he prescribes seeking out support from co-workers. But Hanson, 42, warns, "It's hard to soar like an eagle if you're working for a turkey."

Tough talk

For actress **Cynthia Dale**, being mean and tough is just part of a day's work. Dale, 28, who stars as a manipulative lawyer in the CBC-TV series *Street Legal*, will play the malicious Olivia who assaults her boyfriend's seductress in the black comedy *Babycakes*, to be aired on Feb. 14 on the CBS network. Until recently, the Toronto native used to play young innocents and was reluctant to portray characters that the audience might dislike. Now, she says that she can cope with disapproval. Still, adds Dale of Olivia: "She is so mean, even I wouldn't want to meet her in a dark alley."



BRIAN WILLER/MACLEAN'S

Dale: mean and malicious

Learning how to play nice

It may be the hardest role he has ever had to master, but actor Mandy Patinkin says that he is determined to learn how to be a selfless person. Patinkin, 36, said that years of being a perfectionist have made him "superficial," and his career must now take second place to his regular self-improvement sessions with his therapist. Still, the New York City-based Patinkin has agreed to costar with Meryl Streep in the movie version of *Evita*, which begins filming this summer. He will re-create the Che Guevara role that won him a Tony in 1980, when the musical played on Broadway. But Patinkin, who next month is releasing a debut solo album of show tunes, maintains that working on becoming less selfish remains his most important project. He added, "When I'm 80 and talking to people on a park bench, I want to be truly interested in what they say."



MARIE-REINA

Patinkin: 'superficial'



CANADA WIDE

After the Scarborough shootings: calls for stiffer penalties and an amended act

JUSTICE

Children of crime

A fierce debate over punishing the young

At about 7:15 on the morning of April 12, 1985, a dark-haired boy of 14 walked into the bedroom of his family's split-level Scarborough, Ont., home with a .303-calibre rifle. Then he fired a blast from the powerful hunting weapon into each of his sleeping parents' heads. The boy then went downstairs to the living room, where his seven-year-old sister, cuddling her Cabbage Patch doll, was watching television. He shot her fatally in the stomach. Following the shootings, the young gunman went to his junior high school. Then he went to a movie. Later, police arrested him at a friend's house and charged him with three counts of first-degree murder. He told officers that an alter ego called "Eddie," modelled on the demonic mascot of his favorite heavy-metal rock band, Iron Maiden, had influenced his actions.

On Feb. 6, the convicted killer, by then 18, is scheduled for release from the maximum-security Syl Apps Youth Centre in Oakville, Ont., after serving the full three-year maximum sentence for first-degree murder stipulated by the controversial, five-year-old Young Offenders Act. The imminent release has stirred alarm among some Scarborough residents. Jim Karygiannis, the Liberal member of Parliament for Scarborough-Agincourt, said that he received about 30 telephone calls from constituents who said that they were worried the young man will return to Scarborough. The case also has given new weight to long-standing criticism of the act by police and justice officials across the country. Said John Nunziata, a Toronto MP who is the Liberal party's solicitor general's critic in the House of Commons: "I don't think that many people would agree that someone who commits a triple murder should serve three years and then be released."

The act, which governs the treatment of accused criminals between the ages of 12 and 17, has been under fire ever since it came into effect in 1984. The 1908 Juvenile Delinquents Act, which it replaced, covered young offenders between the ages of 7 and 17. Under that act, youngsters convicted of crimes were considered to be "misguided children." Judges could sentence them to training schools or rehabilitative programs for periods that correctional authorities decided upon, on the basis of the child's progress.

In an effort to find a more equitable way of dealing with young criminals, the Young Offenders Act, passed by Parliament during the majority government of Prime Minister Pierre Trudeau, aimed at giving young offenders the same right to "due process of law" as adult offenders, while recognizing their special needs. On the theory that long sentences are unlikely to help rehabilitate young offenders, the new act specifies relatively short terms for offences, including a three-year maximum term for serious crimes including murder and aggravated sexual assault. To help young offenders make a new start in life, the act also forbids the publication of their names or photographs—and requires authorities to destroy all of a young offender's court records five years after sentencing.

Police say that the act, while undermining respect for the law by young criminals, often makes it difficult for them to apprehend offenders because they cannot publicly identify young suspects unless they are considered dangerous. For their part, lawyers and social workers

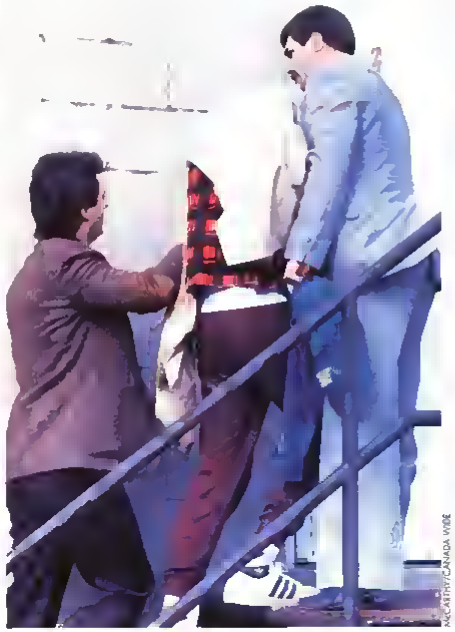
involved with young offenders express concern that the act has removed the discretionary sentencing powers that the correctional authorities were able to exercise under the old Juvenile Delinquents Act, which allowed more lenient treatment for youngsters who showed signs of being capable of rehabilitation. Under the new act, said Peter Jaffe, director of the family court clinic in London, Ont., courts are now "focusing on the offence and not the offender," with the result that more young offenders are being sent to jail—though often for shorter terms than under the old law.

Critics of the act cite the sentence given the Scarborough killer as an example of a major flaw in the act. Ontario Attorney General Ian Scott said that his department has been lobbying Ottawa for theee years to amend the act to include stiffer penalties for major crimea. Provincial justice officials—who are responsible for administering federal criminal law—have held meetings with federal counterparts to discuss changes in the act since it became law. So far, Parliament has passed several amendments, including a provision for longer sentences for young offenders who commit offences in prison.

Still the mild sentence imposed on the Scarborough killer resulted at least partly from a miscalculation on the part of the Crown attorney who prosecuted the case. Under the Young Offenders Act, provincial justice officials could have opted to have the accused 14-year-old tried in regular court under the Criminal Code. Instead, they decided to try him under the Young Offenders Act in the belief that the testimony of two psychiatrists who declared that the boy was legally insane would result in his being sent to a psychiatric institution for an indefinite period. At the trial in 1985, both the defence and prosecution lawyers were stunned when Judge Ross C. Ball ruled that the boy was sane and guilty of first-degree murder under the act. Said defence lawyer John Hamilton, "There was no doubt in our minds the boy was insane. It's pretty scary that he's going to be walking the streets again next month."

As a result of being convicted under the act, the Scarborough killer escaped the severe sentence—as well as the stigma—that an adult murderer faces. If he had been found guilty in adult court and received the mandatory life sentence, he would have faced 25 years in prison before being eligible for parole. As well, under the act, not only will court records of his murder conviction be destroyed but the killer will not be required to report to any correctional services official—a condition for releasing most adult offenders.

Critics say that a basic flaw in the Young Offenders Act is that, in an effort to encourage rehabilitation, the act makes no provision for long sentences. The act, said Edward Greenspan, a prominent Toronto criminal lawyer, "tries to be all things to all people. It attempts to fully extend the benefit of equal protection of the law to juveniles while firmly holding on to the rehabilitative model which was the touchstone of the Juvenile Delinquents Act." At the same time, psychologist Jaffe says that, although the sentences are lighter, more young people are being incarcerated now. According to a study conducted by Jaffe, between 1981 and 1982 only 12.6 per cent of 12- to 15-year-old offenders were sentenced to closed custody in Ontario. In 1986-1987, that figure had risen to 31 per cent. At the same time, Jaffe noted that in his city the incidence of recidivism—the committing of further crimes—among young offenders rose alarmingly to 56 per cent from 27.5 per cent.



MCCARTHY/CANADA WIDE

Teenage triple-murderer: alarm over imminent release

Jaffe said that the increased recidivism rate probably reflects the fact that, under the act, courts are placing more emphasis on prison sentences and less on rehabilitative measures. But some police officers argue that the sentences provided for under the act are too lenient for some young criminals. Discussing the often-violent activities of Vancouver's growing number of youth gangs, the city's police chief, Robert Stewart, told a conference on family courts last March that "the Young Offenders Act is totally inappropriate to these gangs because they do not need protection. In reality, it is society that needs protection from them."

The act also has come under fire for eliminating the prosecution of children between 7 and 12 on the grounds that younger children could be helped more by counselling outside the formal judicial system. Although children of that age were rarely prosecuted under the old act, police officials say that the complete exclusion of younger children gives some young offenders a dangerous immunity. Some police officers say that, as a result, children under 12 can now be used by older criminals. One way is for the adults to use children as "mules" to help sell drugs or steal from stores. Said Wayne Hollett, director of the Halifax branch of the Atlantic Child Guidance Centre: "I share the view that it hasn't been the most helpful legislation. My main criticism is that kids under 12 don't have to accept responsibility."

Meanwhile, faced with the inherent problems of the act, courts across the country have adopted different approaches for dealing with young offenders who commit serious crimes. Two weeks ago, a man who was 17 when he fatally shot a Matsqui, B.C., taxi driver was sentenced to life imprisonment after being found guilty of murder in adult court. But in other similar crimes committed by young offenders and tried in adult court, judges elsewhere in the country—who are often reluctant to place young people among hardened criminals in federal penitentiaries—have referred the cases back to family court on appeal. And two weeks ago, the Ontario Court of Appeal justices overturned a lower court's decision to have theee male youtha, who had sexually assaulted a 14-year-old Brampton, Ont., girl over a period of theee days, transferred to an adult court.

For all of its perceived shortcomings, the Young Offenders Act is seen by many as an improvement over the old legislation, under which judges could incarcerate children merely for buying tobacco. Said Nicholas Bala, a professor of children's law at Queen's University in Kingston, Ont.: "Young people make mistakes, it's a part of growing up and testing the limits of society. So we want to give them a second chance." As admirable as those principles may be, the case of the Scarborough murderer has caused many critics to raise new and troubling questions about the controversial Young Offenders Act.

RIC DOLPHIN *with correspondents' reports*

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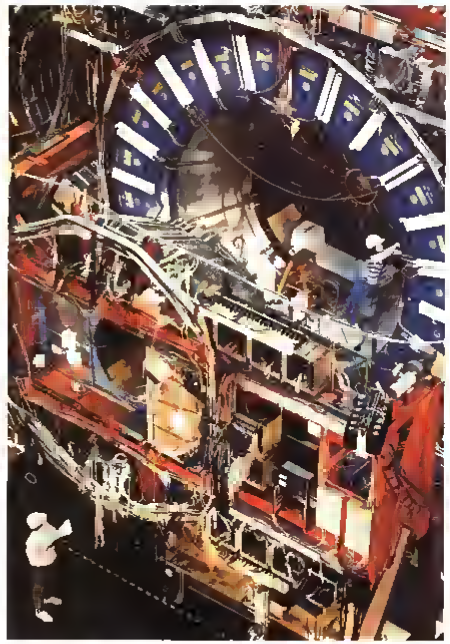
A search for the origins of the universe

The Bible Belt town of Waxahachie, Tex., with its stately courthouse and handsome Victorian houses dating back to the 1880s, is famous for the clover honey that the Burleson family produces. But last week, U.S. Energy Secretary John Herrington made an announcement that could transform drowsy Waxahachie forever. If Congress approves funding, Herrington said in Washington, the farming community of 18,000 residents 45 km south of Dallas will become the hub of the largest, most expensive and most powerful scientific instrument ever built.

Called the Superconducting Super Collider (SSC), the $5.3-billion underground device will occupy a 53-mile-long oval-shaped tunnel cut through limestone 150 feet beneath the farmland around Waxahachie. By accelerating particles of matter nearly to the speed of light (186,000 miles per second) smashing them together and analysing the resulting debris with computerized detectors, the SSC would allow scientists to investigate the elusive subatomic frontier in search of new knowledge about the origins and workings of the universe.

Proponents of the SSC project, scheduled for completion in 1998, argue that it will put the United States firmly in the forefront of high-energy physical research. And Texas voters in a November, 1987, referendum, empowered state officials to contribute $1.2 billion toward the SSC as well as the 16,000-acre site at Waxahachie. Since 1984, Congress has approved $258 million for research and development of the SSC. And U.S. energy department spokesman Jeffrey Sherwood said that federal officials were optimistic that Congress will approve a $300-million budgetary request this year that includes $192 million for the start of construction in 1990.

If it is built, the SSC would be 20 times more powerful than the largest particle accelerator currently in existence—the four-mile-long Tevatron at the Fermi National Accelerator Laboratory near Batavia, Ill. But other countries, including the Soviet Union and West Germany, are currently constructing accelerators that would be larger and more powerful than Fermilab's Tevatron. Some American scientists have expressed concern that if the SSC is not built, the United States will be left behind in a key area of scientific research. Russell Huson, a physicist and director of the Texas Accelerator Centre in Houston, said that the United States has been lagging behind Europe in subatomic research. "The leading nation must be the leader in science," said Huson, "and in the most basic of sciences—high-energy physics."



Tevatron collider detector: looking for elusive cosmic clues

Meanwhile, scientists from a dozen countries, including Canada, are collaborating on research to develop SSC technology. Last week in Toronto, Robert Orr, a University of Toronto physicist who is also a member of the Canadian Institute of Particle Physics, presided over an international workshop at which about 100 physicists discussed SSC computer and electronic technology. At the same time, Washington has formally invited Canada to participate in the project. In Ottawa, federal spokesmen said that Canadian government officials are evaluating reports from scientists at such federally funded institutions as the National Research Council to decide what contribution Canada could make to the SSC. Still, federal officials said that even though Canadian scientists would probably receive grants for SSC-related experiments, the potential costs of Canadian involvement could be daunting. Bryan Andrew, a director at the research council, noted that "even a one-per-cent partnership over 10 years would amount to $50 million" while the total annual federal budget for particle physics is only about $47 million.

For their part, scientists at the SSC Central Design Group, based in Berkeley, Calif., last week began discussions with firms interested in constructing the 10,104 superconducting magnets—most nearly 57 feet long—that would play a crucial role in the SSC. In the accelerator tunnel, two beams of protons—positively charged components of atomic nuclei—will speed in opposite directions through two rings of magnets. At six locations in the tunnel, the beams would intersect—causing 100 million proton collisions a second. Because each proton would possess an energy of 20 trillion electron volts, each collision would occur with an energy of 40 trillion, approximating conditions shortly after the "big bang"—the theoretical moment when scientists believe the universe began.

Still, scientists developing the giant superconducting magnets have encountered problems. Superconductivity—the unhindered flow of an electrical charge—can only occur at very low temperatures and, in the case of the experimental magnets tested at Fermilab, at temperatures approaching -273°C. Because of the enormous magnetic forces involved, enough friction has occurred inside some of the prototypes to raise the temperatures too high for superconductivity. Chris Quigg, deputy operations director for the design group, said that he is confident the magnet problems can be overcome and the SSC will go ahead. Added Quigg: "I'm excited about the possibilities." So are the residents of Waxahachie. With the SSC expected to eventually create 5,600 service jobs to support a permanent staff of 2,500 scientists and technicians, Waxahachie's fame will far exceed that of the Burlesons' clover honey.

ANNE STEACY



Maura (right) with Julieta Serrano: the characters find redemption in chaos

FILMS

Feminine follies

Spain's most popular film-maker runs riot

WOMEN ON THE VERGE OF
A NERVOUS BREAKDOWN
Directed by Pedro Almodóvar

Pedro Almodóvar specializes in the manufacture of dreams—not bankable Hollywood visions of romance and success, but the crazy kind that race through sleeping minds at night. They are dreams in which coincidence runs riot and events get out of hand. Almodóvar is Spain's most popular film-maker. And with his distinctive brand of screwball surrealism, his movies have come to symbolize the flowering of personal freedom in post-Franco Spain, where even his name has given birth to a buzz word: "Almodóvarian" is used to describe crazy situations. The director first began to gain popularity and critical praise in North America after Toronto's Festival of Festivals showcased his movies in 1987. Now, his latest work, *Women on the Verge of a Nervous Breakdown*, is winning major acclaim. Recently, it was named best foreign film by the U.S. industry's National Board of Review and by critics' associations in New York City and Los Angeles. It also won prizes at the Toronto and Venice film festivals. Despite such weighty accolades, *Women on the Verge* is lighter than air, a helium-filled farce hovering on the verge of the absurd.

The story takes a while to gain altitude. For the first half-hour, it is hard to figure out what is happening. But once Almodóvar sets up his elaborate plot, the comedy crackles like a string of fireworks. Pepa (Carmen Maura), an actress who works in a film-dubbing studio, gets a message on her answering machine from her lover announcing that he is leaving her. Distraught, she decides to rent out her penthouse apartment. She also sets fire to her bed and makes herself a pitcher of gazpacho soup spiked with barbiturates. Meanwhile, a host of bizarre characters descends on her, including her lover's son; the son's fiancée and demented mother; and a girlfriend involved with a Middle East terrorist. As the characters converge in a comedy of errors, each finds some redemption in the chaos.

As the impulsive Pepa, Maura makes a delightful heroine. Strong-jawed and sexy, she is a veteran of five Almodóvar films including 1986's controversial *Law of Desire*, in which she played a transsexual. A comedy about distraught females, *Women on the Verge* is a sort of sister movie to *Law of Desire*. A melodrama about a fatal attraction between two men, *Law of Desire* bustled with sex, murder, amnesia and suicide. Its explicit homosexuality and forgiving attitude toward crimes of passion upset some critics. But the film helped establish Almodóvar—who does not hide his own homosexuality—as an audacious director.

Less provocative than *Law of Desire*, *Women on the Verge* offers a giddy view of the heterosexual seesaw—from a female perspective. The movie is a carnival of kitsch, from Pepa's colorful tube skirts to her collection of alarm clocks. And everywhere there are telephones—jangling phones in unlikely pastels that ring incessantly. Pepa throws a phone out the window more than once, and the symbolism is deliberate. Almodóvar, who spent 10 years working in the basement of the National Telephone Co. in Madrid, has called his movie "a fierce allegation against telephones and answering machines—it is a lie that human beings communicate over the phone." Throwing a phone out the window, he added, "is better than hanging yourself by the cord. In that respect, *Women on the Verge* is an optimistic movie."

Pepa's frustrations with the telephone represent an overwhelming sense of disconnection. Even her job is strangely alienated—she cries real tears in the dubbing studio while acting out love scenes played by actors in another language on the screen. But Pepa's breakdown is a positive revolt against an impossible situation, a first step toward freedom.

Almodóvar's script, darting in and out of reality with abandon, is riddled with playful asides. In one scene, an old peasant woman in black—portrayed by the director's mother—appears on television reading the evening news. Another shot of a TV screen shows Pepa acting in a commercial for a laundry detergent. Explaining that she is the mother of a serial killer, she holds up a shirt drenched in blood. Later, after pulling it from the wash, she holds it and proudly declares, "Not a trace of blood!"

With his satirical touch and playful use of coincidence, Almodóvar seems to have inherited the surrealist mantle from Luis Buñuel, the Spanish director of such masterpieces as *The Discreet Charm of the Bourgeoisie*. But Buñuel, who died in 1983, was rebelling against a more repressive regime. And Almodóvar lacks his profound insights into the follies of church, state and capitalism. Although he clearly has things to say about freedom and alienation, his strength is style. Almodóvar makes a fetish of decor and fashion. Caressing surfaces, his camera moves with stealth and wit through a self-contained world of synthetic images. Underlying the movie's random lunacy is a fastidious attention to detail, right down to Pepa's espresso-pot earrings. Almodóvar had them specially designed for the movie.

One of the film's most diabolical touches is the "mambo taxi" that Pepa, by chance, keeps hailing on the street. With fake leopard-skin upholstery and mambo music on the tape deck, it is outfitted like a traveling spa. And just as the taxi driver seems willing to do anything to please the customer, Almodóvar has gone out of his way to dazzle and divert the audience.

BRIAN D. JOHNSON

DANCE

Celebratory leap

Toronto Dance Theatre is 20 and thriving

At its 20th birthday party, members of Canada's most enduring modern-dance company were clearly in an exuberant mood. Performing in the converted inner-city church that is its home, Toronto Dance Theatre capped the evening's program last month with the finale from *Baroque Suite*, a 1983 piece choreographed by TDT cofounder David Earle. The work recalls the stately joyousness of court dancing, but instead of wearing the usual pastel leotards and flowing skirts, the dancers appeared onstage in outfits ranging from a Wonder Woman costume to an elephant suit. Over the years and through financial crises, TDT has retained a fervent commitment to modern dance. But, evidently, the company—once described by a critic as "serious to the point of glumness"—has also learned to laugh a little along the way.

Lately, the troupe has had ample cause to celebrate. Last year, its founders—Patricia Beatty, 52, David Earle, 50, and Peter Randazzo, 46—won a Toronto Arts Award. Jurors noted that the trio had "changed the face of dance in Canada." And, in 1988, TDT was the only North American modern-dance company to be invited to the Olympic Arts Festival in Seoul. Later this month, the company's 14 dancers will embark on a tour of the United States and Central and Western Canada and in the spring they will perform in Europe. Holding fast to the principle that art should be challenging as well as entertaining, the company is at last gaining the kind of recognition it has sought. Said Randazzo: "We're finally getting the audience we should have: not people looking for novelty, but people who think and aren't afraid to get involved."

Currently, there are more than 30 professional modern-dance companies across Canada, but, when TDT was created, the art form had yet to take root in the country. The alternative—classical ballet—did not interest the three founders. Said Earle: "Classical dance can be very moving and powerful but generally isn't." All three studied with Martha Graham and other leaders of modern dance. By 1968, they were living in Toronto and decided to join forces, creating TDT and its school. At present, the school, which offers a three-year professional program, has 60 students.

Despite their common grounding, the three have always had distinct choreographic styles. Beatty inclines toward symbolic, impassioned action, Earle to flowing lyricism, and Randazzo to clean, incisive movement. The combined strength of their work has attracted some of the rising stars of the modern-dance world. By the late 1970s, the company employed such artists as Danny Grossman and Robert Desrosiers, now internationally known choreographers with their own companies. In 1978, dancer Christopher House came to TDT, becoming a resident choreographer three years later. Now 33, he has injected the company with the innovative, bracing athleticism of his own dancing and his award-winning creations.



Earle (left), Beatty, House, Randazzo: commitment

MARY ANN DONOHUE

While the late 1970s were a period of artistic excitement at TDT, the company was struggling under a mounting debt. In 1980, the financial situation forced the company to cancel its season at the St. Lawrence Centre. Half of the company's dancers left. By 1982, it appeared that the company might have to fold. Said Beatty: "From Day 1, we choreographed, we taught, we balanced the books, we cleaned. And we just got tired." In order to recharge themselves, the founders handed TDT's artistic leadership to Kenny Pearl in 1982. During Pearl's tenure, which lasted until Earle took over as artistic director in 1987, the company began to struggle back from the brink. Partly as a result of improved management and marketing, the organization's deficit, which stood at more than $300,000 three years ago, is now down to $139,000.

Meanwhile, TDT has flourished in other ways. National Ballet principal dancer Veronica Tennant, who has appeared as a guest artist several times in TDT's Christmas show, singles out the company's school as a source of growth. Said Tennant: "I've never seen the company stronger in terms of the quality of its dancers than I did this season." But TDT's founders are too intent upon the future to revel in the present. Said Randazzo: "I don't think we'll ever feel we've arrived." The artists of Toronto Dance Theatre clearly have never forgotten that without movement, there is no dance at all.

PAMELA YOUNG

MACLEAN'S REST-SELLER LIST

FICTION

1 **Cat's Eye,** *Atwood (1)*
2 **The Sands of Time,** *Sheldon (2)*
3 **The Lyre of Orpheus,** *Davies (4)*
4 **Journey,** *Michener (3)*
5 **Mitla Pass,** *Uris (7)*
6 **The Edge,** *Francis (6)*
7 **Spy Hook,** *Deighton (5)*
8 **The Queen of the Damned** *Rice (9)*
9 **Gendai,** *Luard (10)*
10 **The Icarus Agenda,** *Ludlum (8)*

NONFICTION

1 **The Arctic Grail,** *Berton (1)*
2 **A Brief History of Time,** *Hawking (4)*
3 **The Last Lion, Winston Spencer Churchill: Alone, 1923-1940,** *Manchester (9)*
4 **Canadian Living Microwave Cookbook,** *Fraser (6)*
5 **The Private Voice,** *Gerowitz (2)*
6 **Contrepreneurs,** *Francis (5)*
7 **Champions,** *Lowe with Fischler (5)*
8 **The Struggle for Democracy,** *Watson and Barber*
9 **Calling the Shots,** *Hood (10)*
10 **Gracie,** *Burns*

() Position last week

Compiled by Sandra McGregor

COLUMN



The book on the backroom boys

BY ALLAN FOTHERINGHAM

We do put up with a lot in life. Talking toilet bowls on television. Bill Vander Zalm. Curlers in the supermarket. Joggers on the sidewalk. Waiters who say, "Hi, I'm Ralph, and here are my specials." Lineups at the bank. Simon Reisman. The Toronto Maple Leafs. Sheila Copps. There does come a time, however, when enough is enough. Someone must say stop.

Travelling salesmen and people who don't like to talk over breakfast are familiar by now with a dog-and-pony act that is carried on *Canada AM* once a week. Otherwise-harmless backroom boys named Hugh Segal, Gerald Caplan and Michael Kirby dispense political wisdom in great dollops and generate fake hostility before, off air, they sprint to the sausages and pancakes that their expense accounts provide.

It is all rather too jolly to be believable, since they have been in bed so long they can't get really nasty with one another and their philosophical differences are smothered in giggles and guffaws. Hughie Segal, arguably the wittiest after-dinner speaker in the country, is a certified card-carrying member of the Big Blue Machine, a Tory of stupefying connections who suffers dizzy spells if he ever ventures beyond the Toronto-Ottawa circuit. He conducts a perpetual war with his waistline—and loses by three out of four falls.

Gerry Caplan is an intelligent, earnest NDP ideologue who is slowly succumbing to celebritydom, torn between being a serious force in shaping party policy and the lure of becoming a professional pundit—slapping his own party on the wrist in return for a paycheque. Kirby is a supercilious little twerp (no shirt too young to stuff) who is the living example of why an appointed Senate needs to be abolished. The thought of this underachiever being fed off taxpayers' rolls until age 75 makes the stomach to roil.

Their bantering act on the tube, especially at election time, can be good entertainment—right up there with Vanna White—and occasionally contains some information, although the spurious enmity is more than cloying. However, they have gone too far, their imitation of the Bobbsey Triplets moving them to actually produce a book that purports to be their honest, objective, straight-from-the-chest views on the late, lamented election of last fall.



BOB PETERSON

This is really a first. A quickie book, raced to the bookstores to beat all the others to follow, produced by three men who profess to be political enemies but are united by a lust for royalties. They have their hands in each other's pockets. Caplan is a shill for Segal. Hughie is a flack for the good Liberal Senator Kirby. It is a circus act that would not be believable but that it sits there in the bookstores.

It is written in a strange desexed mede as if coming out of a computer that none of the "authors" has ever been introduced to. As in: "Kirby was just as categorical during his weekly Thursday-morning debate with Segal and Caplan." Amazing. Talking about each other as if they were disembodied aliens from outer space.

Kirby made what was probably the most stupid statement of the campaign, the one most damaging to his leader, John Turner, when he wisecracked that the pro-free-trade business community rushing to the aid of Brian Mulroney was akin to being supported by the Ku Klux Klan. Do we find Mr. Segal, in this tome, admitting that he and the rest of the Tories leaped three feet straight in the air in glee on hearing that comment? Do we have recorded Mr. Caplan's joy on seeing the press seize on the quote? Of course not. This is not an "I" and "we" book. It is aliens from outer space.

There is a passionate denial of that silly CBC story on *The National* that Turner was the object of a putative coup d'etat in midcampaign. Of course. Kirby was chairman of the Liberal Strategy Committee. Would Hughie and Gerry question his judgment? Of course not. Hughie has inherited the Dalton Camp advertising group. In this candid, hard-hitting, in-depth look at a crucial election, do we really expect Hughie to tell us truthfully what he and Dalton and Norm Atkins and Finlay MacDonald said over a scotch at night as they plotted to screw Kirby's party and Caplan's party? It is to laugh.

Do we get Caplan's true, on-the-pillow thoughts on Ed Broadbent, Bob White, Dave Barrett? Don't be serious. This is decaffeinated analysis passed off as lucid thought. It is neutered political science, putative pundits who have had their tubes tied, TV vocalists who have been vasectomized.

The old line is that a camel is a horse designed by a committee. This is a book disguised as a camel. "The Tory organization built by senators Norman Atkins and Michel Cogger had a spine of steel." Can we guess the artist who crafted that gem? Wasn't Gerry. Wasn't Mikey.

We already have a big problem with journalists who become so celebrated they then are in demand to comment on television and radio on what they have already commented on in print. (I can't stand guys who spread themselves too thin.) The Toronto *Grope and Flail*'s Jeff Simpson, a bright guy, is in danger of falling into this trap. But now we have cigar-stained backroom guys, who won't actually get into the battle themselves, for amusement and profit commenting supposedly objectively on their own parties and then producing a computer book in which they never tell the truth their publisher advertises.

Enough is enough. Someone should lay a charge under the truth-in-advertising legislation. Something like what they should do to talking toilet bowls.



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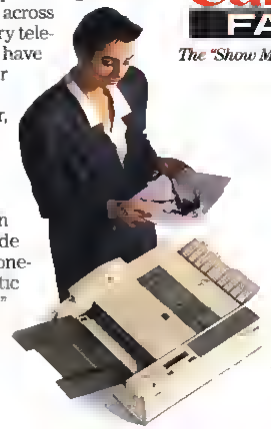
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